ANNUAL REPORT 2014

A 35-YEAR JOURNEY

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

2014

PORT OF GALEOTA:
COMMISSIONING OF THE PORT OF GALEOTA TRINIDAD AND TOBAGO'S FIRST DEDICATED ENERGY PORT FACILITY

2013

REBRANDING:
COMPANY REBRAND FROM 'NEC' TO 'NATIONAL ENERGY'

2004

UNION INDUSTRIAL ESTATE:
NATIONAL ENERGY GIVEN MANDATE TO DEVELOP UNION INDUSTRIAL ESTATE

1999

SAVONETTA PIER 4:
CONSTRUCTION OF SAVONETTA PIER 4 COMPLETED

1984

FIRST METHANOL PLANT:
FIRST SHIPMENT OF METHANOL (12,445 TONNES) EXPORTED TO EUROPE FROM TRINIDAD AND TOBAGO

1982

FIRST FLEET OF TUGS PURCHASED:
CARLTON M, ERROL M, PT. LISAS M AND ROBERT M

1979

NATIONAL ENERGY CORPORATION OF TRINIDAD AND TOBAGO INCORPORATED

Contents

Vision

TO BE A GLOBAL LEADER IN
THE DEVELOPMENT OF
SUSTAINABLE ENERGY-BASED
INDUSTRIES

Mission

WE LEVERAGE OUR EXPERTISE THROUGH:

- OWNERSHIP AND OPERATION OF ASSETS
- INNOVATION
- STRATEGIC ALLIANCES
- MARKET INTELLIGENCE

FOR THE BENEFIT OF ALL CITIZENS

Core Values

TEAMWORK
We encourage camaraderie and honest communication.

FLEXIBILITY
We must maintain an adaptable and proactive approach in the timely execution of our duties.

INTEGRITY
We demonstrate technical competence, efficiency and professionalism in the execution of our duties.

RESPECT
We value and appreciate each other's views and contributions.

TRANSPARENCY
We govern our operations through transparent practices and adherence to all policies and procedures.

DISCIPLINE
We operate as trustees for national energy development to ensure delivery of the shareholders' expectations.

SAFETY AND ENVIRONMENT
We are committed to conducting our operations in a safe and environmentally sustainable manner.

CORPORATE SOCIAL RESPONSIBILITY
We create opportunities for developing better communities in which we operate, by working in harmony with all stakeholders.

CUSTOMER FOCUS
We are committed to seeking the customer's interest by consistently delivering excellent service within the shortest possible time.

Celebrating 35 Years of Service

Aerial view of methanol and ammonia plants at Point Lisas Industrial Estate, 2001.

National Energy Corporation of Trinidad and Tobago Limited (National Energy) has been providing an invaluable service to the people of Trinidad and Tobago for over thirty-five (35) years. From its incorporation in September 1979 to advance the development of a petrochemical industry started by the Coordinating Task Force, National Energy has served the local community by creating the environment for national economic development. Through the conceptualisation, facilitation and development of new energy-based projects as well as the provision of supporting infrastructure such as ports, marine terminals and industrial estates, National Energy has contributed towards the growth of the energy sector which remains one of the nation's major economic drivers.

A pioneer from its inception, National Energy championed the progress of the energy industry through ownership and operation of the country's first methanol and urea plants from 1979-1988. However, like many other companies at the time, National Energy was adversely affected by the economic recession of the 1980's. Faced with low energy prices which necessitated the divestment of the petrochemical plants, National Energy was absorbed into The National Gas Company of Trinidad and Tobago Limited (NGC) in 1991, retaining its identity on paper only.

The 1990's saw a resurgence of energy prices and consequent blossoming of the local energy sector. This resulted in increased demand for National Energy's marine assets. In order to capitalise on potential revenues and provide focus for the Company's infrastructure development thrust, National Energy was re-operationalised in 1999. 2004 marked another major milestone in the Company's history as its original mandate for energy-based development was restored and expanded to include the development of industrial estates and ports to support the burgeoning energy sector. In 2013, the Company was rebranded from 'NEC' to 'National Energy' with a modern visual identity which reflects the global and dynamic nature of the business.

National Energy continued on its path of growth in 2014, advancing several new and existing projects including the Caribbean Gas Chemical Limited (CGCL) Natural Gas to Petrochemicals Complex. During the year, the Port of Galeota, the country's first dedicated energy port facility, was officially commissioned, paving the way for increased economic activity off the eastern coast of Trinidad. The Company also expanded its fleet of towage vessels with the addition of the National Energy Explorer, a Fast Crew Supply Vessel which would allow National Energy to enter the offshore supply/crew transport business.

National Energy marked the achievement of thirty-five (35) years with an anniversary dinner held at the Trinidad Hilton and Conference Centre on 13 September 2014. Among the many industry leaders in attendance were energy stalwarts, Eldon Warner – National Energy's first Chief Executive Officer – and Errol Mahabir, under whose leadership as Minister of Energy and Energy Industries, the Company was formed.

National Energy is grateful to have been of service to the nation for the past thirty-five (35) years and looks forward to the years ahead with hope and anticipation for our future progress and prosperity.

Energy icon, Mr. Errol Mahabir, is honoured by Senator the Honourable Kevin Ramnarine, Minister of Energy and Energy Affairs.

***Flashback:** Dr. Kenneth S. Julien addresses members of the Trinidad and Tobago Chamber of Industry and Commerce at NEC Information Centre, Point Lisas.*

National Energy staff come together to celebrate Energy Affairs at the Company's 35th Anniversary Gala on 12 September 2014.

Company Profile

National Energy is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC) and for more than thirty-five (35) years, has been committed to the development of infrastructure to support the energy industry while providing quality service in the area of natural gas-based development.

The Company's core business is "the conceptualisation, promotion, development and facilitation of new energy-based and downstream industries in Trinidad and Tobago." In keeping with its mandate, National Energy provides energy services which include but are not limited to:

- Project development
- Project appraisal and evaluation
- Facilitation of negotiations and discussions between investors and state agencies
- Facilitation of discussion for gas requirements
- Feasibility studies
- Provision of site and related infrastructure
- Provision of marine services

Head Office, National Energy

REPORT OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors are pleased to submit their Report together with the Financial Statements for the year ended 31 December 2014.

1. ACTIVITIES

National Energy Corporation of Trinidad and Tobago Limited (National Energy) is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC). Its assets include, the Point Lisas Channel, turning basins, tugs, workboats and launch vessels as well as the ISCOTT Dock and four (4) multi-user pier facilities comprising six (6) berths at the Point Lisas port. National Energy's marine infrastructure facilities are used to facilitate the loading and offloading of iron ore and bulk oil, as well as for the export of petrochemicals (methanol, ammonia, urea), steel products and hot briquetted iron.

The mandate of the National Energy includes:

i) Conceptualising, promoting, developing and facilitating new energy-based and downstream industries in Trinidad and Tobago

ii) Identifying and developing new industrial estates

iii) Identifying and developing new industrial deepwater ports to facilitate these estates

iv) Owning and operating marine and other infrastructural assets to facilitate all gas-based petrochemical and metal plants

v) Developing and managing the La Brea Industrial Estate and Union Industrial Estate (UIE)

vi) Towage and harbour operations

vii) Sustainable management of the environment

National Energy, having successfully completed various elements of its mandate, continued to focus on the above items during 2014.

2. FINANCIAL RESULTS

The financial results for the period are summarised as follows:

	2013 $000	2014 $000
Profit before Tax	79,625	90,419
Provision for Tax	(26,922)	(26,996)
Net Profit	52,703	63,423
Retained Earnings	52,703	63,423
Retained Earnings – At Beginning of Year	312,803	365,506
Retained Earnings – At End of Year	365,506	428,929

In 2014, National Energy's total income increased by 8.2% to TT$309.39M (2013: TT$286.03M) which was due primarily to revenue earned from operationalisation of Port of Galeota and leased land income generated from Caribbean Gas Chemical Limited (CGCL) and Chemtech Limited at UIE.

Expenses, excluding impairment charges for 2014, totalled TT$221.45M (2013: TT$197.79M), an increase of 12.0%. The 2013 expenses were lower due to the reversal of provision of bad debt of TT$16.9M and recovery of the fraudulent wire transfer of $2.2M.

National Energy recorded a profit after tax of TT$63.42M in 2014 as compared to a profit of TT$52.70M in 2013, an increase of 20.3%. This favourable performance was achieved from an increase in revenue and impairment reversal for income year 2014.

3. DIRECTORS

During the period 01 January to 31 December 2014 the Board of Directors comprised Mr. Roop Chan Chadeesingh – Chairman,

REPORT OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

Ms. Haseena Ali, Mr. Indar Maharaj, Mr. Gordon Ramjattan and Mr.Clyde Ramkhalawan.

4. SIGNIFICANT EVENTS

- Execution of a Project Development Agreement (PDA) for the establishment of a Gas to Petrochemicals Complex for the production of Methanol and Di-Methyl Ether (DME) between the Government of the Republic of Trinidad and Tobago, National Energy, NGC, Mitsubishi Gas Chemicals Company Inc., Mitsubishi Corporation, Neal & Massy Holdings Limited and Caribbean Gas Chemical Limited (CGCL). A 50-ha site at UIE, La Brea was allocated for the development of this project. Cadastral surveys were completed and Town and Country Planning Development outline approvals were obtained for the sub-division of the site to permit sub-leasing of the 50-ha parcel for the Mitsubishi project.

- Completion of negotiations for a Site Lease Agreement and Berth User Agreement for the Gas to Petrochemical Complex with CGCL.

- Execution of a Site Access agreement between National Energy and Chemtech Limited.

- Finalisation of negotiations for PDA with Caribbean LNG

- Memoranda of Understanding (MOU's):

  o MOU signed with Reunion Gold for the establishment of a Silico-Manganese facility in Trinidad and Tobago.

  o MOU executed between Phoenix Park Gas Processors Limited (PPGPL), Mitsubishi Corporation, Asahi Chemicals and National Energy to explore the feasibility of an acrylonitrile facility in Trinidad and Tobago.

  o Joint Collaboration among Petrotrin, National Petroleum Marketing Company and National Energy towards the successful development of an MOU between the Republic of Haiti and the Republic of Trinidad and Tobago on cooperation in the field of Energy, with National Energy named as part of a Joint Task Force.

  o Participation of a National Energy team in a trade mission to Suriname, to promote the Company's services. An MOU was drafted for execution between the Ministry of Energy and Energy Affairs (MEEA) and the Ministry of Resources of Suriname to explore opportunities between Trinidad and Suriname.

- Continuation of trials aimed at commissioning of the partially National Energy-financed Unibio pilot plant located on the compound of the UTT, Point Lisas Campus.

- Completion of a joint pre-feasibility study of a new Ammonia Project with NGC and PPGPL. Study report submitted to the MEEA for consideration

- Receipt of Cabinet approval for the establishment of a Joint Oversight Committee for the development of a feasibility study of a Photovoltaic Industry at Point Lisas North and Point Lisas South and East Industrial Estates.

- Successful completion and opening of the Port of Galeota on 05 September 2014. First interim user agreement signed with BHP Billiton on 01 October 2014.

- Completion of preliminary designs for the expansion of the Port of Brighton and Port of Galeota Phase II. A Master Plan for the Port of Brighton was also completed

REPORT OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

- Award of contract to Conduct Repair Works on Berth 2 Quay Wall at Brighton Port La Brea, to Soletanche Bachy Cimas.
- Acquisition of National Energy Explorer to provide offshore services from Port of Galeota. Vessel was received on 01 December 2014 with an official launch on 03 December 2014. Operation expected to start in January 2015.

- Provision of Project Management Services to the Ministry of Trade and Industry (MTI) in the development of a transshipment port and drydocking facility.

AUDITORS

The Auditors, Deloitte & Touche, retired and being eligible, have expressed their willingness to be re-elected.

Dated this 16th day of April 2015

By ORDER OF THE BOARD

Camille Blackman
Company Secretary

Operations Highlights

From the beginning of the year, National Energy was focused on attracting new business while progressing existing projects. This demanded flexibility and adaptability in the challenging economic environment which was created by falling global oil and natural gas prices. In responding to the new circumstances, teamwork and operational efficiency emerged as ongoing themes throughout the year. Departments worked closely together to advance projects such as the Port of Galeota Phase 1 construction and the lease agreement for CGCL Natural Gas to Petrochemicals Projects. Some of the highlights of major projects and accomplishments for 2014 are presented below.

ENERGY INDUSTRY DEVELOPMENT

In keeping with the thrust to attract new business in 2014, the Energy Industry Development (EID) Group collaborated with the Operations Group and the Corporate Communication and Administration Division to promote Trinidad and Tobago's downstream energy opportunities at the first Suriname International Mining, Energy and Petroleum Conference and Exhibition (SURIMEP) held in June 2014. Participation in this event, for which National Energy was a platinum sponsor, provided a platform for high level energy investment discussions aimed towards building relationships with Surinamese energy organisations and selling National Energy's services.

Significant work was also carried out during the year to advance projects in the following areas:

- Renewables
- Petrochemicals
- Metals
- Bio-chemicals
- Energy-based Manufacturing
- Regional Initiatives

Renewable Energy

- On 16 January 2014, National Energy entered into an MOU with Spanish firm, Solaria Energia 7 Medio Ambiente S.A. for the conduct of a pre-feasibility study for the establishment of a photovoltaic (PV) module manufacturing facility in Trinidad and Tobago.

- National Energy, on behalf of the MEEA, implemented and completed the following renewable energy projects:
    - o Supply and installation of solar induction lighting systems in the remaining four (4) community centres in the northwest zones.
    - o Supply and installation of solar stills and stand-alone PV systems in twenty (20) schools within the north-east, north-west and south central zones.
    - o Execution of a contract with GH Photovoltaic Installation Training Agency on behalf of the MEEA for the establishment of a Solar House to be located at the Energy Campus of the UTT.

President of National Energy, Dr. Vernon Paltoo (right) greets His Excellency Jim Hock, Minister of Natural Resources, Suriname at SURIMEP.

- National Energy also hosted a Renewable Energy Technology Business Opportunity Seminar to attract investment in renewable energy manufacturing.

- National Energy accessed the feasibility study for Sitek – Photovoltaic Cell manufacturing cluster and submitted report to the MEEA.

- Selected as a member of Cabinet-formed Joint Oversight Committee for the development of a Photovoltaic Industry at Point Lisas North and Point Lisas South and East Industrial Estates.

Petrochemicals

- Significant progress made toward finalisation of essential contracts and Project Agreement with CGCL for the Methanol and DME project.

- Execution of a Letter Agreement with CGCL for the Site Lease on 28 November 2014.

- Completion of negotiations for a Site Lease Agreement and Berth User Agreement for the Gas to Petrochemical Complex with CGCL. Also, supported CGCL in acquiring its Certificate of Environmental Clearance (CEC) on 16 December 2014 and Town and Country Planning Division outline approval on 23 December 2014.

- Execution of MOU between PPGPL, Mitsubishi Corporation, Asahi Chemicals and National Energy to explore the feasibility of an acrylonitrile facility in Trinidad and Tobago.

- Completion of a joint pre-feasibility study of a new Ammonia Project with NGC and PPGPL. Study report submitted to the MEEA for consideration

Metals

- MOU signed on January 15, 2014 with Canadian company, Reunion Gold Corporation (Reunion Gold) for the potential development of a silico-manganese plant in Trinidad and Tobago.

- Received Standing Committee on Energy (SCE) approval to enter into a PDA with Metaldom and Massy Group for the development of the La Brea Steel Complex.

Bio chemicals

- Continuation of trials aimed at commissioning the partially National Energy-financed Unibio pilot plant located on the compound of the University of Trinidad & Tobago (UTT), Point Lisas Campus.

Energy-Based Manufacturing

- Execution of a Site Access agreement between National Energy and Chemtech Limited on 24 December 2014. An evaluation was conducted on the commercial feasibility study submitted by Chemtech for the development of a Formaldehyde/Melamine-based resin cluster to be located at Union Industrial Estate.

Regional Initiatives

- Presented at Suriname's inaugural Petroleum and Mining Conference and Exhibition as member of this country's delegation to Suriname to promote the services of the company. An MOU was drafted for execution between the MEEA and the Ministry of Resources of Suriname to explore opportunities between Trinidad and Tobago and Suriname.

- A Confidentiality Agreement signed between National Energy and Staatsolie to govern National Energy's assessment of possible equity participation in an ethanol production project in Suriname.

INFRASTRUCTURE DEVELOPMENT PROJECTS

Port of Galeota

The Port of Galeota was completed and officially opened by Senator the Honourable Kevin Ramnarine, Minister of Energy and Energy Affairs on 5 September 2014. The state-of-the-art facility was designed and constructed by National Energy at a cost of $80M USD and is the first of its kind on Trinidad and Tobago's south-east coast. Phase 1 of the Port features five (5) berths of various lengths with Berth 5 (65.9M) dedicated to the Trinidad and Tobago Coast Guard. The Port which will support offshore activity off Trinidad's east coast, is also expected to become a major logistics hub for emerging energy markets in South America and the Guyana-Suriname basin in particular.

As part of Phase 1, National Energy procured a prefabricated warehouse in order to provide storage facilities for Port end users. The warehouse is designed to take hurricane loads and the material used would withstand the aggressive environment of Galeota.

Additionally, in 2014 the Preliminary Design for the Port of Galeota Phase 2 expansion was completed. The Phase 2 port layout expansion envisages an extension of the existing port facilities and shall feature the expansion and dredging of the channel, turning basin and port basin, as well as reclamation of a new area.

Port of Galeota was completed in September 2014.

Port of Brighton

A Master Plan and Preliminary Design for the expansion of the Port of Brighton to accommodate potential investors (small scale LNG, petrochemical, offshore supply, and multipurpose cargo) was completed in 2014. The Master Plan takes into consideration any possible expansion for the next twenty-five (25) years, to accommodate energy sector expansion and growth activity anticipated for the south-west peninsula, especially La Brea Industrial Estate and UIE. In addition, the plan caters for tug mooring and pilot facilities.

National Energy hosted Port of Brighton Expansion Terms of Reference (TOR) Stakeholder Consultations on 17, 19 and 23 September 2014, as part of the Environmental Management Authority's (EMA) CEC requirements for the project.

Port of Galeota under construction - May 2014.

OPERATING ASSETS

- On 3 December 2014, National Energy welcomed its first Fast Crew Supply Vessel, the National Energy Explorer, to its reliable and technologically advanced fleet of vessels. The 'Welcoming' ceremony was held at the Hyatt Regency Trinidad under the patronage of Sen. the Honourable Kevin Ramnarine, Minister of Energy and Energy Affairs and was attended by various marine stakeholders. The Explorer is 53.25m in length and has a speed of 22 knots per hour with a maximum draught of 3.20m. The vessel can accommodate 88 persons including crew and passengers. The Explorer is the first of National Energy's vessels to be computerised, as it is equipped with a Latitude 14 Rugged Laptop with heavy-duty components that can withstand shocks, drops and vibration.

- A total of 371 vessels called at the Port of Galeota over the period November to December 2014. Berths were utilised by bpTT, Repsol, Trinity, BHP Billiton and Esskay Construction.

National Energy tugs moored at Point Lisas facility.

Carlton M, part of National Energy's original fleet of towage vessels.

- On 29 January 2014, the Rowan Companies plc's Jackup Drill Ship, Gorilla III, berthed at Berth 3 at the Port of Brighton, La Brea, to undergo repairs. It was the first time that a job of this size and complexity was being undertaken in Trinidad and Tobago. The 12,000-tonne, 300-foot long rig is capable of drilling to depths of 365 feet.

- Dry-docking of the Empress, Majestic and Vision, in adherence to class and statutory requirements was undertaken in 2014.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED (LABIDCO)

- On 6 February 2014, National Energy received Town and Country Planning Division approval to carry out development of land at LABIDCO Industrial Estate, La Brea by the subdivision of the site to create plots for industrial use.

- There were 1,000 vessel calls at the Port of Brighton for the period January to December 2014 with berth occupancy averaging 70% for the same period.

- A total of 404,391 tonnes of aggregate was imported through the Port of Brighton for the period January to December 2014. A significant portion of the aggregate imported was to support government's construction of the Sir Solomon Hochoy Highway Extension to Point Fortin project. Importation of aggregate was the main revenue generator at the Port of Brighton for the period.

LOSS PREVENTION & SUSTAINABILITY

Security

- Bi-monthly Vulnerability Assessments were conducted for all location of National Energy's operations to identify any changes that might put the organisation at risk and take any necessary corrective action.

- Port Facility Security Plan (PFSP) implemented based on ISPS Code and Shipping Regulations, 2004 of Trinidad and Tobago was approved by the designated authority (Trinidad and Tobago

National Energy's newest vessel, the National Energy Explorer

Coast Guard) and includes access control measures, monitoring capabilities, Ship to Port interface, security operations and procedures including an Emergency Response Plan.

- As part of the CEC conditions for the operation of UIE, National Energy established a Community Awareness and Emergency Response (CAER) Initiative for the fenceline communities of La Brea and environs. The 38 tenants at La Brea Industrial Estate were also invited to participate in the process of reviewing the La Brea and UIE Emergency Response Plan.

Health and Safety

- National Energy partnered with methanol company, Methanex Trinidad Limited, to host a Level 2 Drill at both National Energy's Head office and Savonetta Pier No. 4 on 16 October 2014. The drill involved the simulation of a chemical fire at the Pier. Several key agencies and companies were involved in the exercise including the Trinidad and Tobago Emergency Mutual Aid Scheme (TTEMAS) and the Point Lisas Industrial Port Development Company Limited (PLIPDECO).

- The LP&S Department hosted Environment, Health, Safety and Security (EHSS) Stand-Downs at National Energy to discuss EHSS issues of importance to employees. The first EHSS Stand-Down was held in September 2014 to discuss the Chikungunya and Ebola Viruses. The informative session was facilitated by Dr. Victor Coombs, Consultant in Occupational and Environmental Health. Another EHSS Stand-Down was held in October 2014 and dealt with the topic of Cancer Treatment and the Effects on the Workplace. This lecture was presented by Dr. Vanessa Harry, a consultant at the San Fernando General Hospital Gynecology Ward, as well as the Southern Medical Clinic.

Environment

- On 18 June 2014 National Energy received a CEC from the EMA for the specific purpose of the repairs to Berth 2 Quay Wall at Port of Brighton, La Brea. The repairs to Berth 2 Quay Wall project is a critical milestone in the development of the Methanol/DME facility, which is to be constructed by Mitsubishi at UIE, as it is required to facilitate the importation of equipment and material for the project.

HUMAN RESOURCES AND STRATEGIC PLANNING

- Automation of key HR Service areas – The Human Resources & Strategic Planning (HR&SP) Department, in collaboration with the NGC Human Resources Department, implemented the cloud-based Human Resources Information System, Success Factors. The system is expected to empower employees to manage their profiles online, apply for leave and update their learning and growth information from any location at any time.

- Business Planning and Alignment – The HR&SP Department drove the alignment process throughout the organisation through facilitating the development of the Business Plan, Corporate, Group and Departmental Balanced Scorecards as well as guiding the completion of individual performance contracts for employees.

- Performance Management – The HR&SP team developed an organisational reporting framework and training guidelines to track organisational performance. The department also facilitated Performance Planning and Mid-Year Performance Reviews as well as the Performance Assessment Process. The 2014 validation process was completed towards the on time payment of Gainshare.

- Corporate Leadership Development – Leadership Forums were hosted in 2014 to complement the ongoing leadership training and development initiatives being undertaken by the department. Keynote speakers included private and public sector energy experts who shared practical applications of leadership principles. 2014 also saw all managers completing a year-long Leadership Training Programme.

- Corporate Training – Strategic Competence Development areas were identified with members of the Executive Management Team to enable the strategic alignment of Training and Development to the achievement of organisational objectives. Training Guidelines were developed to ensure that training plans were designed and prioritised in accordance with areas of strategic competencies.

- Employee Reward and Recognition – To improve employee engagement, the Reward and Recognition Policy was revised and implemented to encourage and motivate employees towards exceptional performance. The areas for evaluation included Individual Excellence, Team Achievement and Spot Awards.

- Recruitment and Selection – The Recruitment and Selection process was improved through Competency-based Interviewing as well as the establishment of performance targets in the recruitment and selection process. The department successfully recruited persons to fill critical vacancies in the organisation.

- Employee Engagement – The EBS Leadership Action Plan geared towards improvement employee satisfaction, was implemented. HR&SP led the process and ensured that all leaders achieved a high level of success in the components of the plan.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As National Energy celebrated its 35th year of incorporation, the opportunity was taken to strengthen the new brand, both internally and externally, through the execution of a Brand Awareness Programme. The new brand was launched in the major fenceline communities of La Brea and Mayaro/Guayaguayare, a continuation of brand awareness activities which began in 2013. The anniversary was also celebrated through a series of activities and information dissemination which linked National Energy's present to the company's past and future. Activities included a Thanksgiving Luncheon, game show and the issue of branded clothing to all employees. In addition to the gala dinner hosted on 13 September 2014, our commemoration included the publication of a special edition of the *Pioneer* magazine which featured perspectives of past and present employees and executives of the Company.

National Energy brand is officially launched in fence line community of La Brea.

National Energy continued its CSR programme under the theme, "Building Capacity, Minimising Risk" with a view to empowering employees as well as the communities in which we operate – La Brea, Mayaro/Guayaguayare and Couva/Point Lisas. The Information, Communication and Technology (ICT) Section implemented ICT and Facilities Management (FM) Service Desks to allow employees to lodge and track the progress of service requests and submit

Students enjoy playing in the National Energy-sponsored Southeast Schools Steelpan Festival.

Young people interact with members of the military and air guard at National Energy's Youth Forum.

satisfaction ratings online. The Procurement Section continued to engage employees and stakeholders, hosting supplier forums in the Company's fenceline communities and a Procurement session with Administrative Assistants. One of the highlights of the year was the Procurement Professionals Forum hosted in September which brought together Procurement practitioners from companies on the Point Lisas Industrial Estate among others. A wide range of topics was discussed and knowledge on common challenges and opportunities as well as avenues for collaboration was shared freely among participants. In line with our theme, Community Involvement was focused on training with a total of 295 persons benefitting from training in 2014. Capacity building programmes included:

- PLEA Passport
- Fire Watch
- Practical Risk Assessment
- Rotating Equipment
- Rigging & Banksman
- Stevedoring
- Roughneck
- Roustabout

National Energy also implemented its CSR Calendar of events, establishing partnerships with organisations and interest groups to create more value from our business activities for the benefit of our customers and stakeholders.

Youngsters learn ball control techniques at Football Clinic.

National Energy's Financials 2014

Statement of management's responsibilities

It is the responsibility of management to prepare financial statements for each financial year, which present fairly, in all material respects, the state of affairs of the Company as at the end of the financial year and the operating results of the Company for the year. It is also management's responsibility to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the IFRS. Management is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its operating results. Management further accepts responsibility for the maintenance of accounting records which are relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Gordon Ramjattan

Mr. Gordon Ramjattan
Director

24 February 2015

Haseena Ali

Mrs. Haseena Ali
Director

24 February 2015

Independent Auditors' Report to the Shareholder of National Energy Corporation of Trinidad and Tobago Limited

Report on the financial statements
We have audited the accompanying financial statements of National Energy Corporation of Trinidad and Tobago Limited, which comprises the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Energy Corporation of Trinidad and Tobago Limited as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche
Port of Spain
Trinidad

24 February 2015 Deloitte & Touche

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Member of
Deloitte Touche Tohmatsu Limited

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

	Notes	2014 $'000	2013 $'000
Assets			
Non-current assets			
Property, plant and equipment	5	473,307	402,752
Investment properties	6	438,586	450,850
Deferred taxation asset	7 (b)	1,122	1,094
Deferred expenses	8	–	5,048
Total non-current assets		**913,015**	**859,744**
Current assets			
Cash and short-term deposits	9	349,276	478,124
Debt reserve fund	9 (c)	4,978	9,956
Trade and other receivables	10	172,158	75,910
Due from related parties	20	2,053	2,038
Taxation recoverable		11,235	9,129
Deferred expenses	8	–	2,199
Inventories		57	57
Total current assets		**539,757**	**577,413**
Total assets		**1,452,772**	**1,437,157**

The accompanying notes on pages 27 to 66 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

	Notes	2014 $'000	2013 $'000
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	11	103,427	103,427
Capital contribution	12	119,514	119,514
Retained earnings		428,929	365,506
Total shareholder's equity		**651,870**	**588,447**
Non-current liabilities			
Long-term debt	13	566,088	608,135
Deferred taxation liability	7 (b)	42,866	40,305
Deferred income	15	48,077	49,386
Total non-current liabilities		**657,031**	**697,826**
Current liabilities			
Current portion of long-term debt	13	18,189	9,500
Trade and other payables	14	49,487	48,878
Deferred income	15	26,957	21,029
Due to related parties		3,562	1,682
Due to parent company		45,649	64,833
Taxation payable		27	4,962
Total current liabilities		**143,871**	**150,884**
Total liabilities		**800,902**	**848,710**
Total shareholder's equity and liabilities		**1,452,772**	**1,437,157**

The accompanying notes on pages 27 to 66 form an integral part of these financial statements.

The financial statements of National Energy Corporation of Trinidad and Tobago Limited were authorised for issue by the Board of Directors on 24 February 2015.

Mr. Gordon Ramjattan
Director

Mrs. Haseena Ali
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

	Notes	2014 $'000	2013 $'000
Income			
Marine infrastructure income	16	275,200	269,883
Other operating income	17	10,803	4,653
Land lease income		16,162	8,729
Interest and other investment income		832	1,047
Gain on foreign exchange transactions		3,231	–
Project management fees		3,161	1,713
Total income		309,389	286,025
Expenses			
Marine expenses	18 (a)	106,629	98,333
Administrative and general expenses	18 (b)	75,270	50,788
Impairment (reversal)/losses	6	(2,575)	8,609
Other expenses	18 (c)	275	376
Finance costs	18 (d)	39,229	44,760
Loss on foreign exchange transactions		–	3,407
Loss on disposal of property, plant and equipment		142	127
		218,970	206,400
Profit before taxation		90,419	79,625
Taxation expense	7 (a)	(26,996)	(26,922)
Profit for the year after taxation		**63,423**	**52,703**
Other comprehensive income		**–**	**–**
Total comprehensive income		**63,423**	**52,703**

The accompanying notes on pages 27 to 66 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

	Share Capital $'000	Capital contribution $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2013	103,427	119,514	312,803	535,744
Profit for the year after tax	–	–	52,703	52,703
Other comprehensive income	–	–	–	–
Total comprehensive profit	–	–	52,703	52,703
Balance at 31 December 2013	**103,427**	**119,514**	**365,506**	**588,447**
Balance at 1 January 2014	103,427	119,514	365,506	588,447
Profit for the year after tax	–	–	63,423	63,423
Other comprehensive income	–	–	–	–
Total comprehensive profit	–	–	63,423	63,423
Balance at 31 December 2014	**103,427**	**119,514**	**428,929**	**651,870**

The accompanying notes on pages 27 to 66 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Cash generated by operations	19	78,116	231,029
Taxation paid		(31,504)	(21,600)
Interest paid		(34,185)	(40,347)
Taxation received		–	6,698
Interest received		851	1,055
Net cash generated by operating activities		13,278	176,835
Cash flows from investing activities			
Purchase of property, plant and equipment		(92,399)	(29,819)
Additions to investment properties		(4,564)	(5,391)
Net decrease/(increase) in short-term investments		8,469	(7,984)
Net decrease in debt reserve fund		4,979	–
Net proceeds from disposal of property, plant & equipment		–	655
Net cash used in investing activities		(83,515)	(42,539)
Cash flows from financing activities			
Net decrease in balance due to parent company		(19,034)	(55,050)
Repayment of borrowings		(31,108)	(108,949)
Net cash used in financing activities		(50,142)	(163,999)
Net decrease in cash and cash equivalents		(120,379)	(29,703)
Cash and cash equivalents at beginning of year		348,418	378,121
Cash and cash equivalents at end of year	9 (d)	**228,039**	**348,418**

The accompanying notes on pages 27 to 66 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

1. **Corporate information**

The Company was incorporated in Trinidad and Tobago on 7 September, 1979 and continued in accordance with Section 340 (1) of The Companies Act, 1995. The Company is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC or the Parent Company) which is owned by the Government of the Republic of Trinidad and Tobago (GORTT). It is principally engaged in the management of certain marine infrastructural facilities at the Port of Point Lisas and the promotion and development of the Union Industrial Estate at La Brea. The Company's registered office is located at Corner Rivulet and Factory Roads, Brechin Castle, Couva, Trinidad and Tobago.

Basis of preparation

The financial statements have been prepared under the historical cost basis. The financial statements are presented in Trinidad and Tobago Dollars (TT$).

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. **Application of new and revised International Financial Reporting Standards (IFRSs)**

2.1 **Amendments to IFRSs and new interpretations that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

- **Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities***

The Company has applied the amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:
- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Amendments to IFRSs and new interpretations that are mandatorily effective for the current year (continued)

- **Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities***

  The Company has applied the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IAS 32 clarify the meaning of 'currently has a legally enforceable right to set-off' and 'simultaneous realisation and settlement'.

  The amendments have been applied retrospectively. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements. The Company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Company's financial statements.

- **Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets***

  The Company has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to instances where the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure requirements required by IFRS 13 *Fair Value Measurements.*

  The application of these amendments has had no material impact on the disclosures in the Company's financial statements.

- **Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting***

  The Company has applied the amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

  As the Company does not have any derivatives that are subject to novation, the application of these amendments has no impact on the disclosures or on the amounts recognised in the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Amendments to IFRSs and new interpretations that are mandatorily effective for the current year (continued)

- **IFRIC 21 *Levies***

  The Company has applied the IFRIC 21 *Levies* for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in the future period.

  IFRIC 21 has been applied retrospectively. The application of this Interpretation has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.

2.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

• IFRS 9	Financial instruments[5]
• IFRS 15	Revenue from Contracts with Customers[4]
• Amendments to IFRS 11	Accounting for Acquisitions of Interest in Joint Operations[3]
• Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
• Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
• Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[1]
• Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012[2]
• Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013[1]
• Amendments to IFRS 10 and IAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[3]
• Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014[6]
• Amendments to IAS 1	Disclosure Initiative[3]
• Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
• Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[3]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 **New and revised IFRSs in issue but not yet effective (continued)**

[1] Effective for annual periods beginning on or after 1 July, 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 July, 2014, with limited exceptions. Earlier application is permitted.
[3] Effective for annual periods beginning on or after 1 January, 2016, with earlier application permitted.
[4] Effective for annual periods beginning on or after 1 January, 2017, with earlier application permitted.
[5] Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted.
[6] Effective for annual periods beginning on or after 1 July, 2016, with earlier application permitted.

- **IFRS 9 *Financial Instruments***

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

– all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held for within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 **New and revised IFRSs in issue but not yet effective (continued)**

- **IFRS 9 *Financial Instruments (continued)***

  – with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

  – in relation to the impairment of financial assets, IFRS 9 requires an expected loss model, as opposed to an incurred loss model under IAS 39. The expected loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

  – the new general hedge accounting requirements retain three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that quality for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about and entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on the amounts reported in respect of the Company's financial assets and liabilities. However it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

- **IFRS 15 *Revenue from Contracts with Customers***

  In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 **New and revised IFRSs in issue but not yet effective (continued)**

- **IFRS 15 *Revenue from Contracts with Customers (continued)***

The core principal of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

– Step 1: Identify the contract(s) with a customer
– Step 2: Identify the performance obligations in the contract
– Step 3: Determine the transaction price
– Step 4: Allocate the transaction price to the performance obligations in the contract
– Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Company performs a detailed review.

- **Amendments to IFRS 11 *Accounting for Acquisitions of Interest in Joint Operations***

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations.* Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 **New and revised IFRSs in issue but not yet effective (continued)**

- **Amendments to IAS 36 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation***

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances;

a) when the intangible asset is expensed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Company's financial statements.

- **Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants***

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will not have an impact on the Company's financial statements as the Company is not engaged in agricultural activities.

- **Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions***

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

- ***Annual Improvements to IFRSs 2010-2012***

The *Annual Improvements to IFRSs 2010-2012* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition'. The amendments to IFRS 2 are effective for share-based payments transaction for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments a aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for the accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

- ***Annual Improvements to IFRSs 2011-2013***

  The Annual Improvements to IFRSs 2011-2013 include a number of amendments to various IFRSs, which are summarised below.

  The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

  The amendments to IFRS 13 clarify the that scope of the portfolio exception for measuring the fair value of a Company of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even of those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

  The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

  a) the property meets the definition of investment property in terms of IAS 40; and
  b) the transaction meets the definition of a business combination under IFRS 3.

  The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between and Investor and its Associate or Joint Venture***

  Amendments were made to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

  a) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)

  b) require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

  These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

  The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 **New and revised IFRSs in issue but not yet effective (continued)**

- ***Annual Improvements 2012 – 2014***

The *Annual Improvements to IFRSs 2012-2014* include a number of amendments to various IFRSs, which are summarised below.

IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
IAS 19 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **Amendment to IAS 1: *Disclosure Initiative***

Amendments were made to IAS 1 *Presentation of Financial Statements* to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
c) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 **New and revised IFRSs in issue but not yet effective (continued)**

- **Amendments to IAS 27: *Equity Method in Separate Financial Statements***

  Amendments were made to IAS 27 *Separate Financial Statements* to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. Consequently, an entity is permitted to account for these investments either:

  (i) at cost; or
  (ii) in accordance with IFRS 9 (or IAS 39); or
  (iii) using the equity method.

  This is an accounting policy choice for each category of investment.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 *(Investment Entities: Applying the Consolidation Exception)***

  Amendments were made to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

  a) The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
  b) A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
  c) When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
  d) An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

  The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies**

a) **Cash and cash equivalents**

Cash on hand, in banks and short-term deposits that are held to maturity, are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks and short-term deposits with an original maturity of three months or less.

b) **Trade receivables**

Trade accounts receivable are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. A provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written-off when identified. Receivables from related parties are recognised and carried at cost.

c) **Taxes**

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets arising from tax losses not yet recognised are only carried forward if it is probable that future taxable profit will be sufficient to allow the benefit of the tax losses to be realised.

Deferred tax assets are recognised only if there is a reasonable expectation of realisation. Deferred tax assets arises from tax losses yet to be recognised, and are only carried forward if there is assurance beyond a reasonable doubt that future taxable income will be sufficient to allow the benefit of the tax losses to be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies (continued)**

d) **Property, plant and equipment**

Property, plant and equipment are stated at historical cost.

Depreciation is provided on a straight line basis over the estimated economic useful lives of the assets at the following rates:

Marine infrastructure assets	3% to 20%
Tugs and workboats	6.67%
Machinery and equipment	12.5% to 20%
Other assets	10% to 50%
Administration building	2%

Development costs are recognised as an asset to the extent that it is expected to generate future economic benefits.

Repairs and maintenance costs are charged to the statement of profit or loss when expenditure is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

e) **Investment property**

Investment property is stated at cost less accumulated depreciation and impairment charges. Depreciation is provided on a straight line basis over the estimated economic useful lives of the assets at the following rates:

Development costs	3.33%
Buildings	3.33%

No depreciation is provided on freehold land.

Investment property is derecognised when either disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

f) **Long-term debt**

Long-term debt is initially recognised at the fair value of the consideration received less any directly attributable transaction costs.

After initial recognition, long-term debt is subsequently measured at amortised costs using the effective interest rate method. Amortised cost is calculated by taking into account any directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies (continued)**

g) **Foreign currencies**

The presentation and functional currency of the Company's financial statements is Trinidad and Tobago Dollars (TT$). In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, transactions in foreign currencies are recorded in Trinidad and Tobago dollars at the rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies at the reporting date are expressed in Trinidad and Tobago dollars at exchange rates prevailing at that date. Resulting translation differences are recognised in the profit or loss for the year.

h) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) **Payables and accruals**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Payables to related parties are carried at cost.

j) **Financial assets**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost. The Company determines the classification of its financial assets on initial recognition and where allowed and appropriate, re-evaluates this designation at each financial year end.

Loans and receivables

Loans and receivables are non-derivative financials assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the statement of profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Amortised cost

Loans and receivables are measured at amortised cost. This is computed using the effective interest rate method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies (continued)**

k) **Financial liabilities**

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss'.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

l) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a re-valued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies (continued)**

m) **Impairment of financial assets**

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

n) **Derecognition of financial assets and liabilities**

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in assets.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies (continued)**

o) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Marine infrastructure income

Revenue from the use of the Company's piers, docks and vessels is recognised upon performance of the services.

Property rental income

Lease rental and service charge from operating leases on investment properties are recognised as revenue in the period in which they are earned.

Management fees

Management fees earned on government-funded projects are accounted for on the accruals basis.

Interest income

Interest and investment income is accounted for on the accruals basis.

p) **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Company as a lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies (continued)**

q) **Provisions**

The Company recognises a provision when, as a result of a past event, it has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

r) **Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Non-operating contributions received from the Government are accounted for as capital grants.

Capital grants represent amounts received from the government for specific capital expenditure purposes. Capital grants not yet spent are classified as deferred capital grants. Capital grants relating to non-depreciable assets are deducted against the carrying amount of the asset to which it relates when the expense is incurred. When the capital grant is expended for depreciable assets, the related amounts are transferred from deferred capital grants to deferred income.

Deferred income is amortised to the statement of profit or loss on a systematic basis over the useful lives of the related assets

s) **Deferred income**

The Company is contractually obligated to invoice its pier users quarterly in advance. This is recognised as deferred income to the value of quarterly fixed user charges for the upcoming period, which will be credited to income in the relevant period to which it relates.

t) **Comparative information**

Where necessary, comparative information are adjusted to conform to changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Company's accounting policies, management has determined that there were no judgements apart from those involving estimations which have a significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment and investment property

The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment and investment property policies above. These rates and the residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the port and marine operations industry.

Impairment of non-financial assets

The Company assesses whether there are indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Operating lease commitments – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that the taxable income will be available in future against which they can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

5. **Property, plant and equipment**

	Marine infrastructure assets $'000	Machinery equipment $'000	Development cost $'000	Leasehold property $'000	Other assets $'000	Capital work in progress $'000	Total $'000
Cost							
Balance at 1 January 2013	647,431	7,210	2,062	18,698	8,693	3,638	687,732
Additions	12,811	970	–	561	2,503	12,975	29,820
Transfers	14,798	–	–	1,406	–	(16,204)	–
Disposals	(4,290)	(7)	–	–	(1,757)	–	(6,054)
Balance at 31 December 2013	**670,750**	**8,173**	**2,062**	**20,665**	**9,439**	**409**	**711,498**
Additions	79,129	438	500	–	5,105	7,227	92,399
Transfers	7,247	1,037	–	–	–	(1,037)	7,247
Disposals	(186)	(149)	–	–	(198)	–	(533)
Balance at 31 December 2014	**756,940**	**9,499**	**2,562**	**20,665**	**14,346**	**6,599**	**810,611**
Accumulated depreciation							
Balance at 1 January 2013	**(275,901)**	**(3,384)**	**(1,162)**	**(2,686)**	**(5,480)**	**–**	**(288,613)**
Depreciation charge	(22,516)	(953)	(197)	(402)	(1,811)	–	(25,879)
Disposals	4,015	6	–	–	1,725	–	5,746
Balance at 31 December 2013	**(294,402)**	**(4,331)**	**(1,359)**	**(3,088)**	**(5,566)**	**–**	**(308,746)**
Depreciation charge	(25,218)	(1,007)	(220)	(418)	(2,086)	–	(28,949)
Disposals	106	124	–	–	161	–	391
Balance at 31 December 2014	**(319,514)**	**(5,214)**	**(1,579)**	**(3,506)**	**(7,491)**	**–**	**(337,304)**
Carrying amount							
At 31 December 2013	**376,348**	**3,842**	**703**	**17,577**	**3,873**	**409**	**402,752**
At 31 December 2014	**437,426**	**4,285**	**983**	**17,159**	**6,855**	**6,599**	**473,307**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

6. Investment properties

	Buildings $'000	Development cost $'000	Capital work in progress $'000	Total $'000
Cost				
Balance at 1 January 2013	571,512	388,586	38,395	998,493
Additions	–	5,352	38	5,390
Transfers	–	38,395	(38,395)	–
Balance at 31 December 2013	**571,512**	**432,333**	**38**	**1,003,883**
Additions	865	3,548	151	4,564
Transfers	38	151	(189)	–
Balance at 31 December 2014	**572,415**	**436,032**	**–**	**1,008,447**
Accumulated depreciation				
Balance at 1 January 2013	(9,153)	(49,546)	–	(58,699)
Depreciation charge	(4,125)	(15,472)	–	(19,597)
Effect of reversal of impairment losses	–	(6,462)	–	(6,462)
Balance at 31 December 2013	**(13,278)**	**(71,480)**	**–**	**(84,758)**
Depreciation charge	(3,282)	(16,121)	–	(19,403)
Balance at 31 December 2014	**(16,560)**	**(87,601)**	**–**	**(104,161)**
Accumulated impairment				
Balance at 1 January 2013	(447,743)	(18,385)	–	(466,128)
Impairment (losses)/reversals charged to the statement of profit or loss	(20,532)	11,923	–	(8,609)
Transfer to accumulated depreciation	–	6,462	–	6,462
Balance at 31 December 2013	**(468,275)**	**–**	**–**	**(468,275)**
Impairment reversals charged to the profit or loss	2,575	–	–	2,575
Balance at 31 December 2014	**(465,700)**	**–**	**–**	**(465,700)**
Carrying amount				
At 31 December 2013	**89,959**	**360,853**	**38**	**450,850**
At 31 December 2014	**90,155**	**348,431**	**–**	**438,586**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

6. **Investment properties (continued)**

Amounts recognised in statement of profit or loss

	2014 $'000	2013 $'000
Rental income from investment properties	16,162	8,729
Direct operating expenses	3,154	3,142

i) Investment properties comprise the lands at Union Industrial Estate (UIE) and a warehousing facility which was constructed on the UIE. The Company has applied for a reclamation license in respect of the land on which the warehouse facility sits.

ii) The fair value is based on the investment property value in use. The recoverable amount of the Company's major assets has been determined based on a value-in-use calculation using cash flow projections from lease agreements and the Board approved business development, at a discount rate of 5.33%. As a result of this analysis, management has recognised an impairment reversal of $2.575M (2013: losses of $8.609M) on its investment properties in the statement of profit or loss.

Details of the Company's UIE and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At December 31, 2014	–	–	410,456	410,456	293,531
At December 31, 2013	–	–	354,932	354,932	305,898

Details of the Company's Brighton Materials Storage and Handling Warehouse facility and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At December 31, 2014	–	–	90,155	90,155	90,155
At December 31, 2013	–	–	89,958	89,958	89,958

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

7. Taxation

a) Taxation charge

The major components of the taxation expense are as follows:

	2014 $'000	2013 $'000
Corporation tax	24,156	26,263
Green fund levy	307	286
Deferred taxation expense	2,533	373
	26,996	**26,922**

A reconciliation of the expected income tax expense determined using the statutory tax rate of 25% to the effective income tax expense is as follows:

	2014 $'000	2013 $'000
Profit before taxation	**90,419**	**79,625**
Income taxes thereon at the rate of 25%	22,605	19,906
Non-deductible expenses	(107)	2,946
Permanent differences	4,069	3,784
Green fund levy	307	286
Other differences	122	–
	26,996	**26,922**

b) Deferred tax

Significant components of the deferred tax assets and liabilities are as follows:

	2014 $'000	2013 $'000
Assets		
Accrued vacation leave	687	606
Accrued interest payable	435	488
	1,122	**1,094**
Liabilities		
Long-lived assets	**42,866**	**40,305**

Movement for the year in the net deferred tax liability:

Movement for the year:

	2014 $'000	2013 $'000
Balance at 1 January	39,211	38,838
Deferred tax charge to statement of profit and loss	2,533	373
Balance at 31 December	**41,744**	**39,211**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

8. **Deferred expenses**

	2014 $'000	2013 $'000
Balance at 1 January	7,247	6,892
Additions	–	2,423
Transfer to property, plant and equipment (Note 6)	(7,247)	(2,068)
Balance at 31 December	–	7,247

Represented by:	2014 $'000	2013 $'000
Non-current	–	5,048
Current	–	2,199
Balance at 31 December	**–**	**7,247**

Deferred expenses represent the cost of major overhaul to engines of vessels and tugs and associated dry docking costs which are being amortised over 5 years.

9. **Cash and short-term deposits**

	2014 $'000	2013 $'000
Cash at bank and on hand	228,039	348,418
Short-term deposits	121,237	129,706
	349,276	**478,124**
Investment held with Clico Investment Bank (Note 9(b))	14,381	14,381
Less: Impairment provision of short-term deposit (Note 9(b))	(14,381)	(14,381)
	–	–
	349,276	**478,124**

a) Cash at bank earns interest at fixed rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $349.276M (2013: $478.124M).

b) The Company holds investment note certificates with Clico Investment Bank Limited (CIB) in the amount of $14.381M. CIB has experienced financial and liquidity issues and on 31 January 2009 the Central Bank of Trinidad and Tobago (CBTT) under Section 44D of the Central Bank Act Chap. 79.02 assumed control of CIB. The CBTT indicated that the investment note certificates were not covered under the guarantee provided by the Government of the Republic Trinidad and Tobago. The investment note certificates in CIB were therefore deemed to be impaired at 31 December 2008 as there was no basis to determine the timing and quantum, if any, of recovery. The amounts remain fully provided for at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

9. **Cash and short-term deposits (continued)**

(c) The Company has an escrow account with First Citizens Bank Limited (FCB) and is required to maintain a balance on the account equivalent to two (2) loan instalments with the bank at all times. The loan was fully repaid in November 2014. A Deed of Release is being prepared by First Citizens Bank Limited which will result in the closure of the escrow account. (See Note 13 (a)).

(d) For the purposes of the statement of cash flows, cash and cash equivalents comprise the following.

	2014 $'000	**2013 $'000**
Cash at banks and on hand	228,039	348,418
	228,039	**348,418**

10. **Trade and other receivables**

	2014 $'000	**2013 $'000**
Trade receivables - third parties	119,848	78,754
Provision for doubtful debts	(16,973)	(17,143)
	102,875	61,611
Other receivables:		
Due from Government of Trinidad and Tobago	48,601	(6,829)
Due from Government of Trinidad and Tobago - unbilled	3,514	6,180
Value Added Tax recoverable	5,595	6,407
Prepaid expenses	222	1,241
Insurance prepayment	852	1,260
Interest receivable	135	154
Wire transfers recoverable (Note 18)	–	2,166
Other	10,364	3,720
Total receivables and prepayments	**172,158**	**75,910**

(a) Trade receivables are non-interest bearing and are generally on 15 - 30 days terms.

(b) During 2011, two wire transfers amounting to $31.888M (US$4.975M) were fraudulently withdrawn from one of the Company's bank accounts. Due to the lack of objective evidence of the final outcome of recovery efforts, a provision for $31.888M was recorded at 31 December 2011.

Subsequently, the Company received $5.835M and at 31 December 2014, the Company continues to hold a provision of $23.509M.

(c) As at 31 December 2014, trade receivables at a value of $16.973M (2013:$17.143M) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
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10. **Trade and other receivables (continued)**

	2014 $'000	2013 $'000
At 1 January	17,143	21,625
Charge for year	409	–
Provision reversed	(579)	(4,482)
At 31 December	**16,973**	**17,143**

As at 31 December, the ageing analysis of non-impaired trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014	**102,875**	**30,101**	**44,095**	**2,653**	**1,622**	**2,187**	**22,217**
2013	**61,611**	**41,818**	**8,764**	**5,222**	**1,775**	**1,675**	**2,357**

11. **Stated capital**

	2014 $'000	2013 $'000
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
1,034,270 ordinary shares of no par value	**103,427**	**103,427**

12. **Capital contribution**

The parent company, NGC provided the Company with a loan at an interest rate below market rate effective 31 December 2008. This resulted in the Company recognising a capital contribution of $97.223M when the loan was recorded at fair value at 31 December 2008. (See Note 13(b)). As at 31 December 2010 and 2011 additional fair value adjustments of $4.256M and $18.035M were recorded on the loan from the parent due to a deferral of the commencement of loan instalments to 1 January 2013 and 1 January 2015 respectively.

13. **Long-term debt**

	Long-term portion $'000	Current portion $'000	2014 $'000	2013 $'000
First Citizens Bank (Note 13(a))	–	–	–	9,500
NGC – UIE Loan (Note 13(b))	281,167	5,088	286,255	284,653
NGC advance (Note 13(c))	284,921	13,101	298,022	323,482
	566,088	**18,189**	**584,277**	**617,635**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

13. **Long-term debt (continued)**

a) The Company, in pursuit of its capital expansion programme, obtained a loan from First Citizens Bank (FCB) on the 17 May 2004 in the value of $67.9M. The loan provides for two equal semi-annual payments of interest only, followed by 18 semi-annual payments of principal and interest. Interest rate is fixed at 6.20% per annum. The loan is secured by the following:

   i) Collateral Chattel Mortgage over two (2) tugboats - NEC Empress and NEC Majestic with carrying amounts totaling $35.93M (2013: $37.780M).
   ii) Marine Hull, Machinery Risk and Protection and Indemnity Insurance over the two (2) tugboats.
   iii) Deed of Assignment and Notice of Assignment of the proceeds of a Pier Usage contract.
   iv) Deed of Charge over Deposit Account in the name of NEC to service loan facility.

   The loan was fully repaid in November 2014. A Deed of Release is being prepared by FCB which will result in the removal of the lien on the assets.

b) On 12 April 2009, the Company was mandated by the Government of the Republic of Trinidad and Tobago to reimburse the parent Company, NGC for the cost of the development of UIE, La Brea. The purchase consideration of US$58.518M (TT$367.078M) was set up as a loan with an effective date of 31 December 2008. The principal is to be paid in equal semi-annual instalments originally commencing 1 July 2009 with interest at a rate of 3.0% per annum. Interest for 2011 and 2010 has been capitalised with the loan. Interest payments commenced in 2013.

   As the parent Company had provided a loan at an interest rate below market rate, the Company recorded a capital contribution of $97.223M when the loan was recorded at fair value at 31 December 2008 (Note 12).

c) As a result of the discontinuance of the aluminum smelter during 2010, the scope of works regarding the construction of the material, handling and storage facility was changed. This change resulted in a reduction in the amount of financing required from NGC to US$66.0M. The loan agreement which was executed on 23 December 2010 provides for the Company to repay the principal over a period of not more than 15 years in equal semi-annual instalments with a rate thereon at a maximum of 7%. The first principal instalment is due within two (2) years of the date of execution of the loan agreement. At 31 December 2011 the loan repayments have been rescheduled to commence in December 2014.

   As part of a proposal for the restructuring of National Energy's inter-company loans with NGC, principal repayments were made 2013 and 2014, thus reducing the outstanding loan balance to US$46.9M as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

13. **Long-term debt (continued)**

c) Interest on the loan shall be paid semi-annually, with effect from the effective date of the loan.

	Carrying amount		Fair value	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
	584,277	**617,635**	**584,277**	**608,635**

The fair value of the Company's long-term borrowings is estimated by discounting future cash flows using rates prevailing at the year-end date for debt on similar terms, credit risk and remaining maturities, with the exception of the loan with NGC for the construction of the Material, Handling and Storage Facility which approximates its carrying value.

Maturity profile of long-term debt

	2014	**2013**
	$'000	**$'000**
In one year or less	18,189	22,664
In more than one year but not more than two years	19,433	18,759
In more than two years but not more than three years	20,760	20,043
In more than three years but not more than four years	22,180	21,415
In more than four years but not more than five years	23,697	22,881
In more than five years	480,018	511,873
	584,277	**617,635**

14. **Trade and other payables**

	2014	**2013**
	$'000	**$'000**
Trade payables	7,300	13,638
Accrued material/service amounts	13,217	10,931
Employee related accruals	18,306	14,518
Retentions	3,144	3,664
VAT payable	7,520	6,063
Accrued interest and taxes	–	64
	49,487	**48,878**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

15. Deferred income

	2014 $'000	2013 $'000
Billings in advance (Note a)	17,134	16,810
Deferred income - Union Industrial Estate (Note b)	51,963	53,103
Deferred income - Other	5,937	502
	75,034	**70,415**
Non-current	48,077	49,386
Current	26,957	21,029
	75,034	**70,415**

Notes:

a) This amount relates to pier user charges billed in advance.

b) Deferred income – Union Industrial Estate:

	2014 $'000	2013 $'000
Balance at 1 January	53,103	41,768
Received during the year	2,746	15,052
Amount released to income	(3,886)	(3,717)
Balance at 31 December	**51,963**	**53,103**

16. Marine infrastructure income

The marine assets principally consist of the ISCOTT dock, the Savonetta piers, the Point Lisas harbor and the tugs and workboats. Income earned is as follows:

	2014 $'000	2013 $'000
ISCOTT dock	5,687	5,687
Savonetta piers	137,366	133,067
Point Lisas harbor	35,217	35,611
Tugs and workboats	84,017	88,033
Dock fees – berth	10,662	5,201
Rental storage facilities	1,525	1,530
Rental storage yard	726	754
	275,200	**269,883**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

17. **Other operating income**

	2014 $'000	2013 $'000
Management fees – La Brea Industrial Development Company Limited	704	698
Amortisation of deferred capital grant	3,884	3,717
Miscellaneous	6,215	238
	10,803	**4,653**

18. **Expenses**

(a) **Marine expenses:**

	2014 $'000	2013 $'000
Depreciation and amortisation	44,534	40,455
Maintenance – marine facilities	27,451	23,991
Salaries and related benefits (Note 18(e))	8,516	8,698
Management fees – tugs & workboats	23,712	23,190
Insurance	2,297	1,880
Sea bed lease rent	119	119
	106,629	**98,333**

(b) **Administrative and general expenses:**

	2014 $'000	2013 $'000
Salaries and related benefits (Note 18(e))	48,416	40,192
Depreciation and amortisation	3,817	5,018
Management fees – NGC	1,000	1,000
Penalties	664	2,280
Insurance	967	1,555
Movement in provision for doubtful debts	(170)	(16,834)
Motor vehicle expense	2,677	2,422
General business travel	109	402
Fraudulent wire transfers (Note 10 (b))	–	(2,166)
Security	1,033	2,269
Advertising and communications	4,185	2,874
Legal and professional fees	2,414	1,770
Other	10,158	10,006
	75,270	**50,788**

(c) **Other expenses:**

	2014 $'000	2013 $'000
Donation – other	**275**	**376**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

18. **Expenses (continued)**

(d) **Finance costs:**

	2014 $'000	2013 $'000
Interest on debt and borrowings – related parties	33,579	38,776
– third parties	392	971
Notional interest on related party loan	5,258	5,013
	39,229	**44,760**

(e) **Staff costs:**

	2014 $'000	2013 $'000
Included under marine expenses	8,516	8,698
Included under administrative and general expenses	48,416	40,192
	56,932	**48,890**

The Company's employees are members of the Parent Company's defined benefit plan, the assets of which are held in separate trustee administered funds. The pension plan is funded by payments from employees and by the Company taking account of the recommendations of independent qualified actuaries.

The Company's contributions are included in the employee benefit expense of these financial statements. Any assets and liabilities in relation to this defined benefit plan are recorded by the Parent Company. There is no contractual agreement or stated policy for charging the net defined benefit costs of the plan to the separate financial statements of the individual subsidiaries included in the plan.

19. **Cash flows from operating activities**

	2014 $'000	2013 $'000
Cash flows from operating activities		
Profit before tax	90,419	79,625
Adjustment for:		
Depreciation	48,351	45,475
Interest expense	39,229	44,760
Impairment (reversal)/losses	(2,575)	8,609
Amortisation of deferred expenses	–	2,069
Interest income	(832)	(1,047)
Loss on disposal of property, plant and equipment	142	127
Amortisation of deferred income	(3,884)	(3,717)
(Increase)/decrease in parent company loan due to foreign currency translation	(7,508)	5,941
Operating profit before working capital changes	163,342	181,842
(Increase)/decrease in trade and other receivables and due from related parties	(96,282)	140,374
Decrease in inventories	–	183
Decrease in deferred income and deferred capital grant	8,503	15,368
Decrease in deferred expenses	–	(2,423)
Increase/(decrease) in trade and other payables	2,553	(104,315)
Cash generated from operating activities	**78,116**	**231,029**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

20. **Related party transactions**

The Company is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago, which is owned by the GORTT. In the ordinary course of its business, the Company enters into transactions concerning the exchange of goods, provision of services and financing with affiliate companies as well as with entities directly and indirectly owned or controlled by the GORTT. Entities under common control include Alutrint Limited, Alutech Limited, Trinidad Generation Unlimited (TGU), Petrotrin and First Citizens Bank Limited.

The sales to and purchases from related parties are at arm's length, with the exception of the interest rate on the UIE loan from the parent company (See Note 13 b)). Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables with the exception of that relating to Alutech Limited. At 31 December 2014, the Company has recorded a provision for doubtful debts relating to amounts owed by related party Alutech of $22.419M (2013: $22.419M). An assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The following table provides the total amount of material transaction, which have been entered into with related parties and the balances outstanding for the years ended 31 December 2014 and 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

20. Related party transactions (continued)

		Income from related parties $'000	Purchase from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago Limited					
Reimbursements	2014	–	–	–	45,649
	2013	–	–	–	64,833
Lease land	2014	303	–	–	–
	2013	2,672	–	–	–
Management fees	2014	–	1,000	–	–
	2013	–	1,000	–	–
Loans	2014	–	33,579	–	584,277
	2013	–	38,776	–	608,135
La Brea Industrial Company Limited					
Management fees/reimbursements	2014	704	–	2,053	3,562
	2013	698	–	2,038	1,682
Government of the Republic of Trinidad and Tobago					
Government-funded project costs	2014	3,161	–	52,115	–
	2013	1,713	–	(649)	–
Directors' allowances and fees	2014	–	330	–	–
	2013	–	396	–	–

Compensation of key management personnel

	2014 $'000	2013 $'000
Short-term employee benefits	13,563	12,154

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

21. **Operating lease arrangements**

The Company as a lessor

The Company has entered into commercial land leases with respect to its investment property portfolio, consisting of land and infrastructure. These leases have remaining terms of between 1 and 29 years.

Future minimum rentals receivable under operating leases are as follows:

	2014 $'000	2013 $'000
Not later than 1 year	10,537	3,286
Later than 1 year and not longer than 5 years	13,615	12,828
Later than 5 years	68,032	66,375
	92,184	**82,489**

The Company as a lessee

The Company has entered into lease arrangements for motor vehicles for periods ranging between 1 and 4 years.

Future minimum rentals payable under operating leases as at 31 December are as follows:

	2014 $'000	2013 $'000
Not later than 1 year	523	411
Later than 1 year and not longer than 5 years	718	1,793
	1,241	**2,204**

The Company currently leases land at Corner Rivulet and Factory Roads, Brechin Castle, Couva however, the lease agreement has not yet been finalised at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

22. **Financial risk management objectives and policies**

The Company has various financial assets such as trade receivables, and cash and cash equivalents which arise directly from its operations. The Company's financial liabilities comprise bank loans, trade and sundry payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk, and foreign currency risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

The Company trades only with recognised credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis. With respect to credit risk arising from other financial assets of the Company, such as cash and cash equivalents, the exposure to credit risk arises from default of the counter party with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk within the Company.

The Company has TT$14.381M in investment note certificates with Clico Investment Bank Limited. As stated in Note 9 (b), a provision has been established for this entire balance as the recoverability of this balance is doubtful.

Interest rate risk

The Company is exposed to minimal interest rate risk because the Company borrows funds at fixed interest rates. See Note 13.

Liquidity risk

The Company monitors its risks to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and short term investments) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from the parent and bank loans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

22. **Financial risk management objectives and policies (continued)**

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at 31 December 2014	On demand $'000	Under 3 months $'000	3 - 12 months $'000	1 - 4 years $'000	>5 years $'000	Total $'000
Assets						
Cash and cash equivalents	233,017	121,237	–	–	–	354,254
Trade and other receivables	–	72,889	99,269	–	–	172,158
Due from related parties	–	–	2,053	–	–	2,053
	233,017	**194,126**	**101,322**	**–**	**–**	**528,465**
Liabilities						
Interest-bearing debt	–	11,130	22,400	179,201	907,277	1,120,008
Trade creditors and accruals	–	43,465	3,144	–	–	46,609
Due to related parties	–	–	3,562	–	–	3,562
Due to parent company	–	–	45,649	–	–	45,649
	–	**54,595**	**74,755**	**179,201**	**907,277**	**1,215,828**
Net liquidity position	**233,017**	**139,531**	**26,567**	**(179,201)**	**(907,277)**	**(687,363)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

22. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	On demand $'000	Under 3 months $'000	3 - 12 months $'000	1 - 4 years $'000	>5 years $'000	Total $'000
As at 31 December 2013						
Assets						
Cash and cash equivalents	358,375	129,705	–	–	–	488,080
Trade and other receivables	–	8,789	67,121	–	–	75,910
Due from related parties	–	–	2,038	–	–	2,038
	358,375	**138,494**	**69,159**	**–**	**–**	**566,028**
Liabilities						
Interest-bearing debt	–	–	62,319	230,866	813,837	1,107,022
Trade creditors and accruals	–	42,792	3,663	–	–	46,455
Due to related parties	–	–	1,682	–	–	1,682
Due to parent company	–	–	64,833	–	–	64,833
	–	**42,792**	**132,497**	**230,866**	**813,837**	**1,219,992**
Net liquidity position	**358,375**	**95,702**	**(63,338)**	**(230,866)**	**(813,837)**	**(653,964)**

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Company's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

22. **Financial risk management objectives and policies (continued)**

Foreign currency risk (continued)

The following table shows balances outstanding at year end, denominated in foreign currencies.

As at 31 December 2014	Amount denominated in foreign currency $'000s	TT$ equivalent $'000s
Cash and cash equivalents	US$ 40,445	257,167
Trade and other receivables	US$ 21,804	138,642
	GBP 2	23
Trade and other payables	US$ 1,798	11,435
	EUR 263	2,026
Long-term debt	US$ 91,913	584,430

As at 31 December 2013	Amount denominated in foreign currency $'000s	TT$ equivalent $'000s
Cash and cash equivalents	US$ 44,562	TT$286,913
Trade and other receivables	US$ 7,890	TT$50,799
	GBP 7	TT$79
Trade and other payables	US$ 1,435	TT$9,241
	GBP 15	TT$163
	EUR 16	TT$141
Long-term debt	US$ 94,453	TT$ 608,135

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

22. **Financial risk management objectives and policies (continued)**

Foreign Currency Risk (continued)

The following table demonstrates the sensitivity to a reasonable possible change in the TT dollar exchange rate with all other variables held constant of the Company's profit before tax. There is minimal impact on the Company's equity.

	Increase/(decrease) in exchange rate exchange rate %	Effect on other comprehensive income $'000
2014	**7%**	**14,144**
	(7%)	**(14,144)**
2013	**5%**	**13,986**
	(5%)	**(13,986)**

Capital management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Company manages its capital to ensure that the Company will be able to continue as a going concern. The Company's overall strategy remains unchanged from 2013.

The capital structure of the Company consists of share capital, reserves and retained earnings. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust capital structure, the Company may issue new shares by transfers from retained earnings, adjust the dividend payment to shareholders or make transfers to its reserves. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

23. **Financial instruments**

Fair values
Short-term financial assets and liabilities
The carrying amount of short-term financial assets and liabilities which comprises cash and short-term deposits, sundry debtors and current liabilities are on reasonable estimate of fair values because of the short-term nature of these instruments.

Long-term financial assets and liabilities
The fair value of the Company's long-term borrowings is estimated by discounting future cash flows using rates prevailing at the reporting date for debt on similar terms, credit risk and remaining maturities, with the exception of the loan from NGC for the construction of the Material, Handling and Storage Facility which approximates its carrying value (Note 13(c)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

24. **Transfer of assets and liabilities of La Brea Industrial Development Company Limited**

In 2007, the Board of Directors of La Brea Industrial Development Company Limited (LABIDCO) agreed to wind up LABIDCO and transfer the assets and liabilities of the Company to National Energy Corporation of Trinidad and Tobago Limited, subject to the approval of the shareholders of LABIDCO. The board of directors of the majority shareholder of LABIDCO, NGC, has accepted the recommendation. This decision is currently being reviewed by all parties.

25. **Capital commitments**

	2014 $'000	2013 $'000
Approved and contracted capital expenditure	14,102	64,313

These commitments include contractual commitments of $6.746M (2013: $119.036M) entered into by the Company on behalf of the Government of Trinidad and Tobago.

26. **Contingent liabilities**

Based on tax audits for income year 2006, 2007 and 2008, the Board of Inland Revenue (BIR) has advised the Company of an outstanding tax obligation. The Company has written to BIR requesting a waiver of any additional liabilities as the wear and tear allowance for marine infrastructure assets is under review by BIR and yet to be determined. No accruals have been made in the financial statements for any additional tax liabilities.

27. **Events after the reporting date**

No significant events occurred after the reporting date affecting the financial performance, position or changes therein for the reporting period presented in these annual financial statements.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

LABIDCO's Financials 2014

Statement of management's responsibilities

It is the responsibility of management to prepare financial statements for each financial year which present fairly, in all material respects, the state of affairs of the Company as at the end of the financial year and the operating results of the Company for the year. It is also Management's responsibility to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the IFRS. Management is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its operating results. Management further accepts responsibility for the maintenance of accounting records which are relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Haseena Ali

Mrs. Haseena Ali
Chairman

24 February 2015

Indar Maharaj

Mr. Indar Maharaj
Director

24 February 2015

Independent Auditors' Report to the Shareholder of La Brea Industrial Development Company Limited

Report on the financial statements

We have audited the accompanying financial statements of La Brea Industrial Development Company Limited, which comprises the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of La Brea Industrial Development Company Limited as at 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to Note 21 to the financial statements which describe the uncertainty relating to the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Deloitte & Touche
Port of Spain
Trinidad

24 February 2015 Deloitte & Touche

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

	Notes	2014 $'000	2013 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	21,282	21,019
Investment properties	6	101,249	100,881
Deferred taxation	11 (b)	2,522	3,051
Total non-current assets		125,053	124,951
Current assets			
Cash and short-term deposits	7	51,533	43,742
Trade and other receivables	8	7,979	6,695
Due from related parties	17	8,366	7,278
Taxation recoverable		26	592
Total current assets		67,904	58,307
Total assets		**192,957**	**183,258**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	9	254,919	144,009
Accumulated losses		(89,663)	(105,944)
Total shareholders' equity		165,256	38,065
Non-current liabilities			
Shareholders' advances	10,17	18,587	130,258
Long-term borrowings	12	–	3,440
Total non-current liabilities		18,587	133,698
Current liabilities			
Current portion of long-term borrowings	12	3,439	6,893
Trade and other payables	13	4,829	3,460
Deferred income	14	450	445
Taxation payable		396	697
Total current liabilities		9,114	11,495
Total liabilities		**27,701**	**145,193**
Total liabilities and equity		**192,957**	**183,258**

The accompanying notes on pages 74 to 106 form an integral part of these financial statements.

The financial statements of La Brea Industrial Development Company Limited were authorised for issue by the Board of Directors on 24 February 2015.

Haseena Ali — Mrs. Haseena Ali - Chairman

Indar Maharaj — Mr. Indar Maharaj – Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

	Notes	2014 $'000	2013 $'000
Income			
Port and harbour dues		31,761	26,404
Property rental income	6	14,143	14,021
Bio-remediation services		571	439
Gain on foreign exchange transactions		–	96
Other income		5	6
Interest and other investment income		80	127
		46,560	41,093
Expenses			
Operating expenses	15	14,169	16,997
Administrative, general and maintenance expense	16	11,526	10,577
Impairment (reversal)/losses	5,6	(1,431)	160
Loss on disposal of property, plant and equipment		5	4
Loss on foreign exchange transactions		808	–
Other expenses		54	58
Finance cost		479	907
		25,610	28,703
Profit before tax		20,950	12,390
Income tax expense	11 (a)	(4,669)	(736)
Profit for the year after tax		16,281	11,654
Other comprehensive income		**–**	**–**
Total comprehensive income		**16,281**	**11,654**

The accompanying notes on pages 74 to 106 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

	Share capital $'000	Accumulated losses $'000	Total equity $'000
Year ended 31 December 2013			
Balance at 1 January 2013	144,009	(117,598)	26,411
Profit for the year after tax	–	11,654	11,654
Other comprehensive income for the year	–	–	–
Total comprehensive income	–	11,654	11,654
Balance at 31 December 2013	**144,009**	**(105,944)**	**38,065**
Year ended 31 December 2014			
Balance at 1 January 2014	144,009	(105,944)	38,065
Increase in share capital	110,910	–	110,910
Profit for the year after tax	–	16,281	16,281
Other comprehensive income for the year	–	–	–
Total comprehensive income	–	16,281	16,281
Balance at 31 December 2014	**254,919**	**(89,663)**	**165,256**

The accompanying notes on pages 74 to 106 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit before tax		20,950	12,390
Adjustment for:			
Depreciation		4,523	8,227
Interest expense		479	907
Impairment (reversal)/losses		(1,431)	161
Interest income		(80)	(127)
Loss on disposal of property, plant and equipment		5	4
Operating profit before working capital changes		24,446	21,562
(Increase)/decrease in trade and other receivables		(1,284)	1,491
Increase in due from related parties		(1,088)	(694)
Increase in deferred income		5	111
Increase/(decrease)in trade and other payables		1,437	(14,131)
Cash generated from operating activities		23,516	8,339
Interest paid		(547)	(959)
Interest received		80	127
Taxation refund		566	1,054
Taxation paid		(4,444)	(2,602)
Net cash generated from operating activities		**19,171**	**5,959**
Cash flows from investing activities			
Purchase of property, plant and equipment		(40)	(1,955)
Additions to investment properties		(3,687)	–
Net cash used in investing activities		**(3,727)**	**(1,955)**
Cash flows from financing activities			
Net (repayments)/advances to/from parent company		(759)	(9,038)
Repayment of long-term debt		(6,894)	(6,889)
Net cash used in financing activities		**(7,653)**	**(15,927)**
Net increase/(decrease) in cash during the year		7,791	(11,923)
Cash and cash equivalents at beginning of year	7	43,742	55,665
Cash and cash equivalents at end of year		**51,533**	**43,742**

The accompanying notes on pages 74 to 106 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

1. General information and the adoption of new and revised standards

1.1 Corporation information

La Brea Industrial Development Company Limited (the Company or LABIDCO) was incorporated in Trinidad and Tobago on 15 February 1995 and continued in accordance with Section 340 (1) of The Companies Act, 1995. The Company commenced commercial operations in 1998 and is principally engaged in the promotion and development of an industrial estate and marine infrastructure facilities at La Brea. Its registered office is located at 7B New Jersey Street, La Brea, Trinidad.

The Company is owned 81% by The National Gas Company of Trinidad and Tobago Limited (NGC) and 19% by the Petroleum Company of Trinidad and Tobago Limited (PETROTRIN).

1.2 Basis of preparation

These financial statements have been prepared under the historical cost convention and are expressed in Trinidad and Tobago dollars.

Statement of compliance

The financials statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

- **Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities***

  The Company has applied the amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entitie*s for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

  To qualify as an investment entity, a reporting entity is required to:

  - obtain funds from one or more investors for the purpose of providing them with investment management services;
  - commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
  - measure and evaluate performance of substantially all of its investments on a fair value basis.

  Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

  As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year (continued)

- **Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities***
  The Company has applied the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IAS 32 clarify the meaning of 'currently has a legally enforceable right to set-off' and 'simultaneous realisation and settlement'.

  The amendments have been applied retrospectively. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements. The Company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Company's financial statements.

- **Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets***
  The Company has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure requirements required by IFRS 13 *Fair Value Measurements.*

  The application of these amendments has had no material impact on the disclosures in the Company's financial statements.

- **Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting***
  The Company has applied the amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

  The amendments have been applied retrospectively. As the Company does not have any derivatives that are subject to novation, the application of these amendments has no impact on the disclosures or on the amounts recognised in the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year (continued)

- **IFRIC 12 *Levies***

  The Company has applied the IFRIC 12 Levies for the first time in the current year. IFRIC 12 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in the future period.

  IFRIC 12 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

2.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

• IFRS 9	Financial instruments[5]
• IFRS 15	Revenue from Contracts with Customers[4]
• Amendments to IFRS 11	Accounting for Acquisitions of Interest in Joint Operations[3]
• Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
• Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
• Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[1]
• Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[2]
• Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[1]
• Amendments to IFRS 10 and IAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[3]
• Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[6]
• Amendments to IAS 1	Disclosure Initiative[3]
• Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
• Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception Cycle[3]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

1 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 July 2016, with earlier application permitted.

- **IFRS 9 *Financial Instruments***

  IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

  Key requirements of IFRS 9:

  – all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held for within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 New and revised IFRSs in issue but not yet effective (continued)

- **IFRS 9 *Financial Instruments* (continued)**
  - with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
  - in relation to the impairment of financial assets, IFRS 9 requires an expected loss model, as opposed to an incurred loss model under IAS 39. The expected loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
  - the new general hedge accounting requirements retain three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that quality for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about and entity's risk management activities have also been introduced.

  The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on the amounts reported in respect of the Company's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

- **IFRS 15 *Revenue from Contracts with Customers***
  In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 **New and revised IFRSs in issue but not yet effective (continued)**

- **IFRS 15 *Revenue from Contracts with Customers*** (continued)
The core principal of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

  – Step 1: Identify the contract(s) with a customer.
  – Step 2: Identify the performance obligations in the contract
  – Step 3: Determine the transaction price
  – Step 4: Allocate the transaction price to the performance obligations in the contract.
  – Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

  Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

  The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Company performs a detailed review.

- **Amendments to IFRS 11 *Accounting for Acquisitions of Interest in Joint Operations***
The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

  A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

  The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 **New and revised IFRSs in issue but not yet effective (continued)**

- **Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation* and *Amortisation***
The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances;

a) when the intangible asset is expensed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Company's financial statements.

- **Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants***
The amendments to IAS 16 and IAS 41 define a bearer plan and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have a material impact on the Company's financial statements as the Company is not engaged in agricultural activities.

- **Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions***
The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service

The directors of the Company do not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 New and revised IFRSs in issue but not yet effective (continued)

- ***Annual Improvements to IFRSs 2010-2012 Cycle***

  The *Annual Improvements to IFRSs 2010-2012 Cycle* include a number of amendments to various IFRSs, which are summarised below.

  The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition'. The amendments to IFRS 2 are effective for share-based payments transaction for which the grant date is on or after 1 July 2014.

  The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

  The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision maker.

  The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

  The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for the accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount and the carrying amount after taking into account accumulated impairment losses.

  The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

  The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 New and revised IFRSs in issue but not yet effective (continued)

- ***Annual Improvements to IFRSs 2011-2013 Cycle***

  The *Annual Improvements to IFRSs 2011-2013 Cycle* include a number of amendments to various IFRSs, which are summarised below.

  The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

  The amendments to IFRS 13 clarify the scope of the portfolio exception for measuring the fair value of a Company of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS9, even of those contracts which do not meet the definitions of financial assets or financial liabilities within IAS 32.

  The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

  a) the property meets the definition of investment property in terms of IAS 40; and
  b) the transaction meets the definition of a business combination under IFRS 3.

  The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **Amendments to IFRS 10 and IAS 28 *(Sale or Contribution of Assets between and Investor and its Associate or Joint Venture)***

  Amendments were made to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:
  a) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
  b) require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

  These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

  The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 **New and revised IFRSs in issue but not yet effective (continued)**

- ***Annual Improvements 2012 – 2014 Cycle***

  The *Annual Improvements to IFRSs 2012-2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

  IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
  IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
  IAS 19 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
  IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

  The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

- **Amendment to IAS 1 *(Disclosure Initiative)***

  Amendments were made to IAS 1 *Presentation of Financial Statements* to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

  a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
  b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
  c) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

  The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

2. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

2.2 **New and revised IFRSs in issue but not yet effective (continued)**

- **Amendments to IAS 27 *(Equity Method in Separate Financial Statements)***

  Amendments were made to IAS 27 *Separate Financial Statements* to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. Consequently, an entity is permitted to account for these investments either:
  (i) at cost; or
  (ii) in accordance with IFRS 9 (or IAS 39); or
  (iii) using the equity method.

  This is an accounting policy choice for each category of investment.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 *(Investment Entities: Applying the Consolidation Exception)***

  Amendments were made to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:
  a) The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
  b) A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
  c) When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
  d) An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

  The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies**

a) **Cash and cash equivalents**
Cash on hand, in banks and short-term deposits that are held to maturity, are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks and short-term deposits with an original maturity of three months or less.

b) **Trade receivables**
Trade accounts receivable are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. A provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written-off when identified. Receivables from related parties are recognised and carried at cost.

c) **Taxes**
Current taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax
Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets arising from tax losses not yet recognised are only carried forward if it is probable that future taxable profit will be sufficient to allow the benefit of the tax losses to be realised.

Deferred tax assets are recognised only if there is a reasonable expectation of realisation. Deferred tax assets arises from tax losses yet to be recognised, and are only carried forward if there is assurance beyond a reasonable doubt that future taxable income will be sufficient to allow the benefit of the tax losses to be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies (continued)**

d) **Property, plant and equipment**

Property, plant and equipment are stated at historical cost.

Depreciation is provided on a straight line basis over the estimated economic useful lives of the assets at the following rates:

Marine infrastructure assets	3.33% to 6.66%
Machinery and equipment	20%
Other	12.5% to 50%

Development costs are recognised as an asset to the extent that it is expected to generate future economic benefits.

Repairs and maintenance costs are charged to the statement profit or loss when expenditure is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

e) **Investment property**

Investment property is stated at cost less accumulated depreciation and impairment charges. Depreciation is provided on a straight line basis over the estimated economic useful lives of the assets at the following rates:

Fabrication yard	3.33%
Development cost	10.00% - 33.33%

No depreciation is provided on freehold land.

Investment property is derecognised when either disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

f) **Long-term debt**

Long-term debt is initially recognised at the fair value of the consideration received less any directly attributable transaction costs.

After initial recognition, long-term debt is subsequently measured at amortised costs using the effective interest rate method. Amortised cost is calculated by taking into account any directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies (continued)**

g) **Foreign currencies**

The presentation and functional currency of the Company's financial statements is Trinidad and Tobago Dollars (TT$). In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, transactions in foreign currencies are recorded in Trinidad and Tobago dollars at the rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies at the reporting date are expressed in Trinidad and Tobago dollars at exchange rates prevailing at that date. Resulting translation differences are recognised in income/expense for the year.

h) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) **Payables and accruals**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Payables to related parties are carried at cost.

j) **Financial assets**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost. The Company determines the classification of its financial assets on initial recognition and where allowed and appropriate, re-evaluates this designation at each financial year end.

Loans and receivables

Loans and receivables are non-derivative financials assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the statement of profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Amortised cost

Loans and receivables are measured at amortised cost. This is computed using the effective interest rate method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS
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3. **Summary of significant accounting policies (continued)**

k) **Financial liabilities**

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss'.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

l) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

m) **Impairment of financial assets**

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

3. **Summary of significant accounting policies (continued)**

n) **Derecognition of financial assets and liabilities**

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in assets.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

o) **Employee benefits**
The Company's employees are members of the parent company's defined benefit plan, the assets of which are held in separate trustee administered funds. The pension plan is funded by payments from employees and by the Company taking account of the recommendations of independent qualified actuaries.

The Company's contributions are included in the employee benefit expense of these financial statements. Any assets and liabilities in relation to this defined benefit plan are recorded by the parent Company. There is no contractual agreement or stated policy for charging the net defined benefit costs of the plan to the separate financial statements of the individual subsidiaries included in the plan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies (continued)**

p) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue associated with port and harbour and bio-remediation services is recognised upon performance of the services.

Lease rental and service charge from operating leases on investment properties are recognised as revenue in the period in which they are earned. Premiums on leases are recognised as revenue in the initial year of the lease.

Lease rental from fabrication yard is recognised as revenue in the period in which the rental is earned.

Interest and investment income is accounted for on the accruals basis.

q) **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Company as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

r) **Provisions**

The Company recognises a provision when, as a result of a past event, it has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

s) **Comparative information**

Where necessary, comparative information is adjusted to conform to changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
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4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements
In the process of applying the Company's accounting policies, management has determined that there were no judgements apart from those involving estimations which have a significant effect on the amounts recognised in the financial statements.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment and investment property
The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment and investment property policies above. These rates and the residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the port and marine operations industry.

Impairment of non-financial assets
The Company assesses whether there are indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Operating lease commitments – Company as Lessor
The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Deferred tax assets
Deferred tax assets are recognised to the extent it is probable that the taxable income will be available in future against which they can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Tax assessments
The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the income tax and deferred tax provisions in the period in which such determinations are made.

5. Property, plant and equipment

	Marine infrastructure assets $'000	Machinery and equipment $'000	Other $'000	Capital work in progress $'000	Total $'000
Cost					
Balance at 1 January 2013	164,791	273	437	–	165,501
Additions	–	5	106	1,844	1,955
Disposals	–	(8)	(4)	–	(12)
Balance at 31 December 2013	164,791	270	539	1,844	167,444
Additions	–	–	40	–	40
Disposals	–	–	(146)	–	(146)
Balance at 31 December 2014	164,791	270	433	1,844	167,338
Accumulated depreciation					
Balance at 1 January 2013	(40,592)	(150)	(273)	–	(41,015)
Depreciation expense	(5,699)	(36)	(49)	–	(5,784)
Disposals	–	5	3	–	8
Balance at 31 December 2013	(46,291)	(181)	(319)	–	(46,791)
Depreciation expense	(708)	(36)	(49)	–	(793)
Disposals	–	–	142	–	142
Balance at 31 December 2014	(46,999)	(217)	(226)	–	(47,442)
Accumulated impairment charges losses					
Balance at 1 January 2013	(99,534)	–	–	–	(99,534)
Impairment losses recognised in profit or loss	(100)	–	–	–	(100)
Balance at 31 December 2013	(99,634)	–	–	–	(99,634)
Impairment reversal recognised in profit or loss	1,020	–	–	–	1,020
Balance at 31 December 2014	(98,614)	–	–	–	(98,614)
Carrying amount					
At 31 December 2014	**19,178**	**53**	**207**	**1,844**	**21,282**
At 31 December 2013	**18,866**	**89**	**220**	**1,844**	**21,019**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

5. **Property, plant and equipment (continued)**

Fair value measurement of the Company's marine infrastructure assets

The fair value was based on the marine infrastructure assets' value in use. The recoverable amount of the Company's assets has been determined based on a value-in-use calculation using cash flow projections from the 2014 financial budgets approved by management and the Board of Directors and extrapolated for a four-year period, at a discount rate of 3.51% and a terminal capitalisation rate of 3.51%. As a result of this analysis, management has recognised an impairment reversal of $1.020M (2013: charge of $0.100M) on its property, plant and equipment in the statement of profit or loss.

Details of the Company's marine infrastructure assets and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying Value
At 31 December 2014	–	–	21,022	21,022	21,022
At 31 December 2013	–	–	20,710	20,710	20,710

6. Investment properties

	Development costs $'000	Freehold land $'000	Fabrication yard $'000	Capital work in progress $'000	Total $'000
Cost					
At 1 January 2013	113,664	46,465	45,174	–	205,303
Additions	–	–	–	–	–
At 31 December 2013	113,664	46,465	45,174	–	205,303
Additions	1,871	–	–	1,816	3,687
At 31 December 2014	115,535	46,465	45,174	1816	208,990
Accumulated depreciation and impairment					
At 1 January 2013	(13,882)	–	(11,735)	–	(25,617)
Depreciation expense	(905)	–	(1,538)	–	(2,443)
At 31 December 2013	(14,787)	–	(13,273)	–	(28,060)
Depreciation expense	(2,191)	–	(1,539)	–	(3,730)
At 31 December 2014	(16,978)	–	(14,812)	–	(31,790)
Accumulated impairment charges losses					
Balance at 1 January 2013	(76,301)	–	–	–	(76,301)
Impairment reversal recognised in profit or loss	(61)	–	–	–	(61)
Balance at 31 December 2013	(76,362)	–	–	–	(76,362)
Impairment reversal recognised in profit or loss	411	–	–	–	411
Balance at 31 December 2014	(75,951)	–	–	–	(75,951)
Carrying amount					
At 31 December 2014	**22,606**	**46,465**	**30,362**	**1,816**	**101,249**
At 31 December 2013	**22,515**	**46,465**	**31,901**	**–**	**100,881**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

6. **Investment properties (continued)**

i) Legal title for the land on which the fabrication yard is situated has not yet been transferred to the Company by the Company's minority shareholder.

ii) The following table summarises the amounts recognised in the statement of the profit or loss.

Amounts recognised in statement of profit or loss

	2014 $'000	2013 $'000
Rental income from investment properties	**14,143**	**14,021**
Direct operating expenses	**663**	**825**

iii) Fair value measurement of the Company's investment properties

The fair value was based on the marine infrastructure assets' value in use. The recoverable amount of the Company's assets has been determined based on a value-in-use calculation using cash flow projections from the 2014 financial budgets approved by management and the Board of Directors and extrapolated for a four-year period, at a discount rate of 3.51% and a terminal capitalisation rate of 3.51%. As a result of this analysis, management has recognised an impairment charge of $0.411M (2013: charge of $0.060M) on its investment properties in the statement of profit or loss.

Details of the Company's investment properties and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 31 December 2014	**–**	**–**	**127,066**	**127,066**
At 31 December 2013	**–**	**–**	**122,285**	**122,285**

7. **Cash and short-term deposits**

	2014 $'000	2013 $'000
Cash at bank and on hand	51,533	43,742
Short-term deposits	4,253	4,253
	55,786	47,995
Less: Impairment provision of short-term deposit (Note b)	(4,253)	(4,253)
	51,533	**43,742**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

7. **Cash and short-term deposits (continued)**

a) Cash at bank earns interest at fixed rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $51.5M (2013: $43.7M).

b) The Company holds investment note certificates with Clico Investment Bank Limited (CIB) in the amount of US$679,790.

CIB has experienced financial and liquidity issues and on 31 January 2009 the Central Bank of Trinidad and Tobago (CBTT) under Section 44D of the Central Bank Act Chap. 79.02 assumed control of CIB. The CBTT indicated that the investment note certificates were not covered under the guarantee provided by the Government of the Republic of Trinidad and Tobago. The investment note certificates and the related accrued interest were therefore deemed to be impaired at 31 December 2008 as there was no basis to determine the timing and quantum, if any, of recovery. The amounts remain fully provided for at 31 December 2014.

8. **Trade and other receivables**

	2014 $'000	**2013 $'000**
Trade receivables	11,788	10,818
Provision for doubtful debts	(4,993)	(5,364)
	6,795	5,454
Other trade receivables and prepayments	1,184	1,241
Total receivables and prepayments	**7,979**	**6,695**

Trade receivables are non-interest bearing and are generally on 15-30 day terms.

As at 31 December 2014, trade receivables at a value of $5.0M (2013: $5.4M) were impaired and fully provided for. Movement in the provision for impairment of receivables were as follows:

	2014 $'000	**2013 $'000**
At 1 January	5,364	5,942
Amounts recovered during the year	(371)	(578)
At 31 December	**4,993**	**5,364**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

8. Trade and other receivables (continued)

As at 31 December, the ageing analysis of non-impaired trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014	**6,795**	**(3,032)**	**954**	**321**	**166**	**1,162**	**7,224**
2013	**5,454**	**(106)**	**1,256**	**254**	**120**	**127**	**3,803**

9. Share capital

Authorised

An unlimited number of ordinary shares of no par value

Issued and fully paid

	2014 $'000	2013 $'000
144,009 ordinary shares of no par value	**254,919**	**144,009**

In June 2007, the shareholders of the Company agreed to the re-capitalisation of the Company with a new equity split of 81% to NGC and 19% to Petrotrin. This re-capitalisation is to be effected by the capitalisation of shareholder advances of $86.3M and $24.64M (inclusive of the equity contribution of $22.6M for the land on which the fabrication yard is situated) by NGC and Petrotrin respectively.

At a meeting of the Board of Directors of LABIDCO held on 12 August 2014, the Board approved the resolution for the increase in LABIDCO's shares.

10. Shareholders' advances

Most activities conducted by the Company have been funded by its shareholders. The amounts outstanding are unsecured with no fixed repayment terms, currently bear no interest and are due to the shareholders as follows:

	2014 $'000	2013 $'000
The National Gas Company of Trinidad and Tobago Limited	18,587	105,685
Petroleum Company of Trinidad and Tobago Limited	–	24,573
	18,587	**130,258**

As stated in Note 9, at a meeting of the Board of Directors of LABIDCO held on 12 August 2014, the Board approved the resolution for the increase in LABIDCO's shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

11. **Taxation**

a) **Taxation charge**

The major components of the taxation expense were as follows:

	2014 $'000	2013 $'000
Corporation tax- current year	4,093	3,047
Green fund levy	47	41
Deferred taxation charge/(credit)	529	(2,352)
	4,669	**736**

A reconciliation of the expected income tax expense determined using the statutory tax rate of 25% to the effective income tax expense is as follows:

Profit before taxation	20,950	12,390
Income taxes thereon at the rate of 25%	5,238	3,098
Non-deductible expenses	29	33
Decrease in impairment provision	(1,086)	(2,669)
Green fund levy	47	41
Other differences	441	233
	4,669	**736**

b) **Deferred tax asset**

Significant components of deferred tax asset are as follows:

Assets		
Property, plant and equipment	4,849	6,455
Accrued interest expense	23	26
Accrued annual leave	9	15
	4,881	6,496
Less: impairment provision	(2,359)	(3,445)
	2,522	**3,051**

Management is of the opinion that future taxable profit might not be available to utilise total deferred tax asset as a result of the decision made by the Board of Directors to wind up the Company (see Note 21). Deferred tax asset is limited using taxable profits from the 2014 financial budgets approved by management and the Board of Directors. As a result of this analysis, the Company recognised an impairment loss of $2.4M (2013: $3.4M) on its deferred tax asset.

Movement for the year:

Balance at 1 January	3,051	699
Deferred tax credit to statement of profit and loss	(529)	2,352
Balance at 31 December	**2,522**	**3,051**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Trinidad and Tobago dollars)

12. Long-term borrowing

	Long-term portion $'000	Current portion $'000	2014 $'000	2013 $'000
RBC Trust (Trinidad and Tobago) Limited	–	3,439	3,439	10,333

The Fabrication Yard and Dock Expansion projects were financed with a $62M fixed rate bond issued to RBC Trust (Trinidad and Tobago) Limited on the 2 May 2005.

The Bond provides for two (2) semi-annual interest payments in arrears at a fixed rate of interest of 6.05%, in addition to a one-year moratorium on principal. This is followed by 18 semi-annual payments of interest and principal.

Both interest and principal are to be paid to First Caribbean International Banking and Financial Corporation Limited who was assigned as the Paying Agent of the Bond.

This Bond is guaranteed by the following:
- The National Gas Company of Trinidad and Tobago Limited (NGC) – an amount of $51.5M.
- The Petroleum Company of Trinidad and Tobago Limited (PETROTRIN) – an amount of $10.5M.

Fair values

Carrying amount		Fair value	
2014 $'000	2013 $'000	2014 $'000	2013 $'000
3,439	10,333	3,439	10,338

The fair value of the borrowing has been calculated by discounting the expected future cash flows at prevailing interest rates of 4.45% at 31 December 2014 (2013: 4.95%).

Maturity profile of long-term debt

	2014 $'000	2013 $'000
In one year or less	3,439	6,893
In more than one year but not more than two years	–	3,440
	3,439	10,333

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
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13. Trade and other payables

	2014 $'000	2013 $'000
Trade payables	1,039	484
Accrued interest – Board of Inland Revenue	196	196
– other	34	102
Accrued material/service amounts	1,486	435
Employee related accruals	1,565	1,521
Retentions	509	722
	4,829	**3,460**

14. Deferred income

	2014 $'000	2013 $'000
Operating leases – rental income	**450**	**445**

This amount relates to rental income for land billed in advance.

15. Operating expenses
Operating expenses comprise the following:

	2014 $'000	2013 $'000
Depreciation	2,247	7,237
Stevedoring charges	5,118	4,081
Maintenance and general expenses	2,123	1,422
Equipment rental	1,896	1,059
Insurance	2,785	3,198
	14,169	**16,997**

16. Administrative, general and maintenance expense
Administrative, general and maintenance services comprise the following:

	2014 $'000	2013 $'000
Depreciation	2,276	990
Staff costs	3,102	2,812
Management fees – related party	704	698
Security	1,962	1,962
Electricity	417	404
Movement in provision for bad debts	(371)	(578)
Other	3,436	4,289
	11,526	**10,577**

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17. **Related party transactions**

The Company is a subsidiary of the National Gas Company of Trinidad and Tobago which is wholly owned by the Government of the Republic of Trinidad and Tobago (GORTT). In the ordinary course of its business, the Company enters into transactions concerning the exchange of goods, provision of services and financing with affiliate companies as well as with entities directly and indirectly owned or controlled by the GORTT. Entities under common control include Petroleum Company of Trinidad and Tobago Limited (Petrotrin).

The sales to and purchases from related parties are at arm's length. Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. At 31 December 2014, the Company has a provision for doubtful debts totalling $183,192 (2013: $183,192), relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The following table provides the total amount of material transactions, which have been entered into with related parties and the balances outstanding for the years ended 31 December 2014 and 31 December 2013.

	Year	Income from related parties $'000	Purchases from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago Limited					
Reimbursement of expenses paid/ shareholder's advances	2014	–	–	5,402	18,587
	2013	–	–	5,402	105,685
National Energy Corporation of Trinidad and Tobago Limited					
Management fees	2014	–	704	2,964	–
	2013	–	698	1,876	–
Petroleum Company of Trinidad and Tobago					
Lease rental and dock fees	2014	2,565	–	1,293	–
	2013	795	–	37	24,573
Water and Sewerage Authority of Trinidad and Tobago					
Lease rental	2014	–	–	146	–
	2013	–	–	146	–
Directors					
Directors' fees and travel allowances	2014	–	133	–	–
	2013	–	133	–	–

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18. **Operating lease arrangements**

The Company as a lessor

The Company has entered into commercial land leases with respect to its investment property portfolio, consisting of land and infrastructure. These leases have remaining terms of between one and 29 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Rental income earned by the Company from its investment property and direct operating expenses arising on the investment property for the year are set out in Note 6.

Future minimum rentals receivable under operating leases are as follows:

	2014 $'000	2013 $'000
Not later than 1 year	17,736	17,826
Later than 1 year and not longer than 5 years	33,493	38,262
Later than 5 years	99,334	106,083
	150,563	**162,171**

The Company as a lessee

As at 31 December 2014, the Company held no asset under operating lease as a lessee (2013: nil).

19. **Financial risk management objectives and policies**

The Company has various financial assets such as trade receivables, and cash and cash equivalents which arise directly from its operations. The Company's financial liabilities comprise bank loans, trade and sundry payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk, and foreign currency risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

The Company only trades with recognised credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. With respect to credit risk arising from other financial assets of the Company, such as cash and cash equivalents, the exposure to credit risk arises from default of the counter party with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk within the Company.

The Company has US$679,790 in investment note certificates with Clico Investment Bank Limited. As stated in Note 7 (b), a provision was first established for this balance in 2008 as the recoverability of this balance was doubtful.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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19. **Financial risk management objectives and policies (continued)**

Interest rate risk

The Company is exposed to minimal interest rate risk because the Company borrows funds at fixed interest rates. See Note 12.

Liquidity risk

The Company monitors its risks to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and short-term investments) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from the parent and bank loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand $'000	Less than 3 months $'000	3 - 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
As at 31 December 2014						
Assets						
Cash and cash equivalents	51,533	–	–	–	–	51,533
Trade and other receivables	–	3,489	4,490	–	–	7,979
Due from related parties	–	8,366	-	–	–	8,366
Total assets	**51,533**	**11,855**	**4,490**	**–**	**–**	**67,878**
Liabilities						
Interest-bearing debt	–	–	3,549	–	–	3,549
Shareholders' advances	–	–	–	–	18,587	18,587
Trade and other payables	–	3,934	571	–	–	4,505
Total liabilities	**–**	**3,934**	**4,120**	**–**	**18,587**	**26,641**
Net liquidity gap	**51,533**	**7,921**	**370**	**–**	**(18,587)**	**41,237**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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19. **Financial risk management objectives and policies (continued)**

Liquidity risk (continued)

	On demand $'000	Less than 3 months $'000	3 - 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
As at 31 December 2013						
Assets						
Cash and cash equivalents	43,742	–	–	–	–	43,742
Trade and other receivables	–	2,679	4,016	–	–	6,695
Due from related parties	–	7,278	–	–	–	7,278
Total assets	**43,742**	**9,957**	**4,016**	**–**	**–**	**57,715**
Liabilities						
Interest-bearing debt	–	–	7,410	3,549	–	10,959
Shareholders' advances	–	–	–	–	130,258	130,258
Trade and other payables	–	2,233	872	–	–	3,105
Total liabilities	**–**	**2,233**	**8,282**	**3,549**	**130,258**	**144,322**
Net liquidity gap	**43,742**	**7,724**	**(4,266)**	**(3,549)**	**(130,258)**	**(86,607)**

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19. **Financial risk management objectives and policies (continued)**

Foreign currency risk
The Company has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Company's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses. The following table shows balances outstanding at year end, denominated in foreign currencies.

As at 31 December 2014	**Amount denominated in foreign currency $'000s**	**TT$ equivalent $'000s**
Cash and cash equivalents	**US$6,865**	**43,648**
Trade and other receivables	**US$3,110**	**19,774**
Trade and other payables	**US$1,850**	**11,766**
	GBP 10	**104**

As at 31 December 2013	**Amount denominated in foreign currency $'000s**	**TT$ equivalent $'000s**
Cash and cash equivalents	**US$ 6,618**	**42,607**
Trade and other receivables	**US$ 2,206**	**14,205**
Trade and other payables	**US$ 1,694**	**10,907**
	GBP 10	**107**

NOTES TO THE FINANCIAL STATEMENTS
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19. **Financial risk management objectives and policies (continued)**

Foreign currency risk (continued)
The following table demonstrates the sensitivity to a reasonable possible change in the TT dollar exchange rate with all other variables held constant of the Company's profit before tax. There is minimal impact on the Company's equity.

	Increase/(decrease) in exchange rate %	Effect other comprehensive income $'000
2014	7%	**3,608**
	(7%)	**(3,608)**
2013	5%	**2,290**
	(5%)	**(2,290)**

Capital management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Company manages its capital to ensure that the Company will be able to continue as a going concern. The Company's overall strategy remains unchanged from 2013.

20. **Financial instruments**

Fair values
Short-term financial assets and liabilities
The carrying amount of short-term financial assets and liabilities which comprise cash, sundry debtors and current liabilities are a reasonable estimate of fair values because of the short-term nature of these instruments.

Long-term financial assets and liabilities
The fair value of fixed rate borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates of 4.45 % at 31 December 2014 (2013: 4.95%). (Refer to Note 12).

21. **Dissolution of the Company**
During the 2007 financial year, the Board of Directors of the Company considered the options available for the winding up of the Company. After evaluating the various options, the Board agreed that the preferred option was for the shareholders to relinquish their shareholdings voluntarily and that all the assets and liabilities of the Company be transferred to National Energy Corporation of Trinidad and Tobago Limited. The Board of the majority shareholder, NGC, has accepted the recommendation.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

22. **Capital commitments**
Capital commitments as at 31 December 2014 were $1.0M (2013: $1.6M).

23. **Events after the reporting date**
There were no subsequent events occurring after the reporting date that significantly impacted the financial performance, position or cash flows which require disclosure.

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